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NEWS SUMMARY

GENERAL

NATO defence spending increase

NATO Defence Ministers agreed to continue annual increases in spending for several years.

The decision coincides with intelligence reports of a disturbing build-up in nuclear and conventional forces by Warsaw Pact countries.

Most NATO members are already committed to raising defence spending by 3 per cent each year until 1984. The Ministerial decision extends this level of increase for at least another two years. Back Page; Soviet build-up Page 3

Thorpe 'proposed second murder'

The main prosecution witness in the Jeremy Thorpe murder conspiracy trial claimed that the former Liberal leader proposed the murder of a man called Hetherington as well as Norman Scott.

Questioned by George Carman QC, counsel for Thorpe, Peter Bessell said that he was supposed to murder Hetherington, whom Thorpe had never met. Hetherington was not more fully identified in court.

Thorpe and three other men have denied conspiring to murder Scott.

Terrorist jailed

An Arab girl terrorist, Khloud al-Mograbi, aged 18, was jailed for 12 years at the Old Bailey for trying to murder the Iraqi Ambassador with a grenade outside the embassy in Kensington last July.

Witness ruled out

The woman known as Kathy who said she witnessed the murder of teenage sweethearts Lorraine Underwood and Peter Thompson, was ruled out of police inquiries.

N-plant rejected

Plans to build a nuclear reprocessing plant at Gorleben, West Germany, have been rejected but the Lower Saxony Government is understood to have authorised a nuclear dump on the same site.

Cool spell ahead

Temperatures are expected to drop to around 60F today—normal for May. The long range forecast for mid-May to mid-June predicts cool and warm spells with hot and dry intervals towards the end of May. Weather Back Page

IRA leak traced

The British Army intelligence document which reached the IRA was taken from one of 14 Post Office bags rifled on a night mail train in the Midlands on January 31. Page 10

Newsboy trial

Four men charged with the murder of newsboy Carl Bridgewater, aged 13, in September, were committed for trial to Stafford Crown Court by magistrates at Wombourn, Staffordshire.

£750,000 payout

Winning numbers in a £750,000 premium bond draw were announced by Ernie, the top prize of £100,000 going to Cornwall with bond number 10WN 888323. Monthly and weekly draws for March were held up by civil servants' industrial action.

Briefly . . .

Police at Dreux, France were investigating a group therapy session in which a man died when four people walked on him.

Turkish court jailed 30-year-old Albino Cimini of Swansea for 30 years for drug smuggling.

Novelist Jean Rhys, who achieved literary success in the 1930s, died in hospital aged 84.

Death toll in the weekend cyclone in Andhra Pradesh, India, rose to 350.

BUSINESS

Gold at new peak; Sterling firm

● GOLD rose $3¼ to a record closing level of $254¼, $¼ higher than the previous peak in late February. Trading in the London bullion market was active, ahead of the monthly U.S. gold auction, and bullion touched a peak of $256 an ounce at one time. Back Page. In New York the Comex May settlement price was $254.40 ($252.80).

● EQUITY leaders staged a modest rally, helped by a rights issue announcement from UDS, and the FT ordinary index closed 1.0 up at 526.4. Gold shares rose, taking the Gold Mines index up 3.6 to 170.0.

● GILTS registered their sixth successive day's fall and the Government Securities index closed 0.32 off at 73.11.

● STERLING and the dollar were very firm, and the pound closed 1.90 cents up at $2.0630. The pound's index rose to 66.7 (66.1) and the dollar's to 86.1 (85.9).

● PLATINUM and silver prices reached record levels, with the free market platinum values in London rising £2.85 to £211.15—the highest-yet afternoon closing and just below the peak of £211.40 reached in February. Page 29

● WALL STREET closed 0.86 up at 825.88.

● EUROPEAN Commission is not prepared to introduce an EEC-wide restriction upon imports of Australian coking coal, and has privately told Britain that any curb it imposed would be unwise. Page 10

● MIDDLE MANAGEMENT in Britain saw a marked squeeze in earnings last year, with average salaries rising between 6 per cent and 8 per cent, according to a management salary survey. Page 8

COMPANIES

● COATS PATONS, the international textiles group reports pretax profits for 1978 down from £83.2m to £71.2m, although turnover increased from £639.5m to £678.8m. Page 20 and Lex

● TRAFALGAR HOUSE pretax profit for the half-year to March 31 fell by £13m to £16.3m, following sharply increased shipping losses, and reduced property revenues and a lower newspaper and magazine surplus. Page 20 and Lex

● CO-OPERATIVE WHOLESALE Society profits from trading activities fell from £21.3m to £16.9m in 1978 in spite of a 7.5 per cent rise in sales to £1.5bn, largely as a result of fierce competition among supermarket chains. Page 8

● UDS Group reports a 45 per cent jump in profits from £19.6m to £27.52m in the year to January 27 and is making a £35.5m rights issue on a one-for-four basis. Back, Page 21 and Lex

● MORRIS VULCAN, which last week had its application for State aid to try to rescue part of Triang-Pedigree, the Merthyr Tydfil toy company, turned down, has been asked by the Welsh Office to re-apply. Page 7

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Coats Patons	71	+ 3½
Common Bros.	232	+ 12
English China Clays	98	+ 5
Estates & Gen.	37½	+ 2
French Kier	41	+ 3½
Heath (C. E.)	226	+ 6
IAS Cargo Air.	109	+ 7
Lee Cooper	300	+ 7
Lonrho	80	+ 4
Mining Supplies	90	+ 6
Mothercare	178	+ 6
Racal Electronics	490	+ 15
Stock Conversion	383	+ 8
Trafalgar House	81	+ 4
Anglo American Corp.	393	+ 10
Cons. Gold Fields	259	+ 8
Doelkraal	159	+ 11
Elandsrand	336	+ 15
Rustenburg Plat.	149	+ 7
Union Corp.	400	+ 10
Ventersport	271	+ 25

FALLS

Exch. 10pc 1983	£96⅞	— ¼
Exch. 10½pc 1997	£91¼	— ½
Burton A	294	— 4
Comm. Union	164	— 4
Gen. Accident	232	— 6
Intl. Thomson	377	— 7
Sunley (B.)	370	— 13
Unilever	630	— 8
BP	1096	— 14

June 12 Budget confirmed after Queen's Speech

Tories set fast pace on pledges

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S plans for changing the country's economic and industrial direction were launched yesterday with a Queen's Speech that proposes a massive reduction in State intervention and a switch towards a free market economy.

In her first Commons speech as Prime Minister, Mrs. Margaret Thatcher vigorously confirmed her intention of pressing ahead as rapidly as possible with the main elements of the Tories' election manifesto.

The essential element in the *strategy*, the cutting of income tax by a substantial amount to produce the necessary incentives throughout the economy, will be launched by Sir Geoffrey Howe, Chancellor, in his first Budget which Mrs. Thatcher confirmed will be delivered on Tuesday, June 12.

Among the other key proposals to be dealt with early in the long 17-month first session of the new Parliament will be:

1—Major legislation on trade union reform, including plans to tighten the law on picketing, modifications in closed shop provisions and cash for secret union ballots.

The Bill will be presented before Christmas after consultations between Mr. James Prior, Employment Secretary, the TUC and the CBI.

2—The Bill abolishing the Price Commission.

3—A review of the role of the National Enterprise Board and insistence that it will have *to dispose of its holdings in* "certain profitable companies." There will also be proposals, during the session, to hive off sectors of nationalised industries to private enterprise.

The over-riding impression given by the Queen's Speech, which outlined about 18 Bills, is that there is no softening of the Tory approach now that the party is firmly in government.

Many more General Election pledges are going to be pushed through in the extended first session than MPs expected and, with an overall majority of 43, there is probably little that the Opposition can do about it.

Predictably, the new Government and its supporters were full of confidence yesterday. Mrs. Thatcher gave a notably more forceful performance than Mr. James Callaghan in his unaccustomed role as Opposition leader.

The reversal of roles was dramatic and Mrs. Thatcher dealt firmly and effectively with attempts by Labour MPs to intervene.

The Prime Minister summed up her intentions when she declared the Government's policies "would restore the balance between the individual and the State, and the freedom of the individual under the rule of law, and defend our interests wherever they are challenged."

She added: "These are the policies we submitted to our people. The path we now take is the path the people have chosen."

Mrs. Thatcher emphasised that the Government intended to extend free enterprise by reducing the size of the public sector and cutting public spending.

On trade union law, which could provide the most dramatic clash between Government and Opposition during the session, she said the Government accepted the strong and responsible trade union movement must play a big part in economic recovery but felt it was essential to introduce three changes in the law which she believed would have widespread support among trade unionists.

First, the right to picket would be limited to those in dispute picketing at their own place of work.

Second, the law on the closed shop would be amended so that those arbitrarily excluded or expelled could gain the right of appeal to the courts, and those who lost their jobs as a result of a closed *shop would be entitled to full* compensation.

Third, public funds would be provided for postal ballots for union elections and other important decisions.

"Every trade unionist should be able to record his decision without others being able to watch and take note."

Mr. Callaghan warned that major difficulties could follow one of the new Government's first decisions to pay out "post-dated cheques" to the armed forces and the police.

More generally, he argued that, with a substantial majority, the Government had no excuses for failure, and it was only a question of whether it had the talent and ability to pursue its policies.

He described the proposal for trade union reforms as "purely cosmetic" and argued that the best hope still lay in seeking the co-operation of the trade union

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Text of speech and Commons debate Page 16 ● Reaction and assessments Pages 17, 18 and 19 ● Editorial *comment* Page 18 ● Industry and union reaction Back Page

THE MAIN PROPOSALS

● TRADE UNION REFORM: Unions to be consulted on legislation this session to amend law on picketing and closed shop. Funds to be provided for postal ballots.

● INDUSTRY: Some State holdings to be sold. National Enterprise Board to be required to divest itself of some interests. Aid to be restricted with amendments to 1975 Industry Act.

● PRICES: Price Commission to be scrapped. Powers of Monopolies and Mergers Commission and of Office of Fair Trading to be strengthened, OFT to be able to refer prices to Monopolies Commission where competition is inadequate.

● SMALL BUSINESSES: Employment Protection Act to be amended. Other administrative burdens on small firms to be reduced.

● *COMPANY LAW to be* amended to comply with EEC directives.

● EUROPE: Smaller contribution to EEC budget to be sought, with changes in agricultural policy. Britain's participation in the European Monetary System to be reviewed.

● HOUSING AND DEVELOPMENT: Community Land Act to be scrapped. Provision encourage short-term private lettings. Council houses to be sold at a discount and a tenants' charter introduced.

● LOCAL GOVERNMENT: Direct labour organisations to be curbed. Legislation to promote greater efficiency in town halls.

● EDUCATION: Compulsion on local authorities to go comprehensive to be removed.

● HEALTH: Changes to be made to 1976 Health Services Act, to make choice between NHS and private medicine easier.

● SOCIAL SECURITY: Pensions and other social security benefits to be increased in November, and a Christmas bonus to be paid to pensioners.

● IMMIGRATION: New controls to be introduced and nationality law to be amended.

● BROADCASTING: Independent Broadcasting Authority to be given responsibility for the fourth television channel.

● DEVOLUTION: Scotland and Wales Acts to be repealed. Talks to be held on devolution of power from Westminster to Scotland.

● MP's POWERS: MPs to debate existing procedures for scrutinising work of government. Official Secrets Act to be modified.

Mr. Callaghan and Mrs. Thatcher on their way to hear the Queen's Speech in the House of Lords

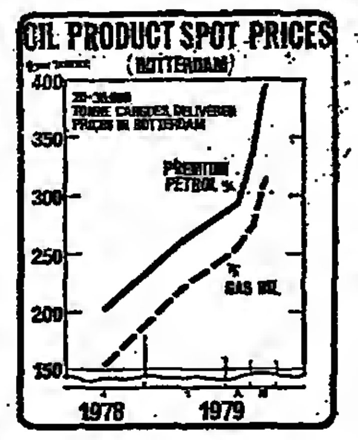
Petrol may rise 5p as fears grow over winter supplies

BY KEVIN DONE, ENERGY CORRESPONDENT

THE MAJOR UK oil companies are expected to announce another round of oil product price increases in the next few days. British Petroleum is likely to seek an average increase of about 3p a gallon for all products. The wholesale price of petrol could rise by 4p a gallon, with an increase of at least 5p a gallon at the pump.

BP's move follows the completion of the three-month investigation by the Price Commission into its two earlier price increases in February and April.

Reports on the increases already implemented by BP and Esso are expected to go to Mr. John Nott, the Trade Secretary, today. They will be followed in July by the report of a similar investigation into price rises implemented by Shell.



BP Oil, the refining and marketing arm of British Petroleum in the UK, is to continue its policy of buying additional cargoes of oil products at inflated spot market prices to maintain its product deliveries in the UK to at least the same levels achieved last year.

Despite some rationing of oil products by smaller UK suppliers, such as Burmah, Texaco and Total, to their dealers and distributors, the three major UK oil suppliers BP, Esso and Shell are maintaining deliveries of almost all products to 100 per cent of last year's levels.

But BP's supply policy is being reviewed each week. Some senior executives in the oil industry are expressing concern at the lack of action by the Government to cut demand for the lighter oil products.

The leading oil companies are anxious to avoid taking individual action to ration product deliveries for fear of setting off a wave of panic-buying.

But without the introduction of measures such as lower speed limits, controls on temperatures in public buildings and perhaps a mandatory reduction in service station opening hours, oil company officials are concerned that they will be unable to re-build stock levels for next winter.

So far the Government has refused to take concerted action to reduce UK oil demand other than to say that more coal will be burned in power stations this summer.

This could cut consumption of fuel oil, one of the heaviest oil products, but it will do little to reduce consumption of the lighter oil products.

The UK oil industry is investing heavily in new refinery con-

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Oil shortages hit Europe

BY OUR FOREIGN STAFF

THE GROWING shortfall in petrol supplies was reflected in a series of moves across Europe yesterday. Oil companies in Italy *disclosed plans to reduce* deliveries to filling stations, by, it is believed, up to 50 per cent. The Irish Government decided to cut the country's general speed limit to 55 mph and two West German companies put up their pump prices.

In ITALY, garages reported yesterday that private oil companies, which account for about 75 per cent of the petrol market, had warned of imminent cuts in petrol deliveries. Supplies are likely to be curtailed before the end of the month.

The Italian subsidiary of Mobil is understood to be planning cuts of about 20 per cent. Other companies, including Esso Italiana, which alone covers about 12 per cent of the Italian market, have not yet specified cuts.

This decision is expected to cause embarrassment to the Italian caretaker government of Sig. Giulio Andreotti, which has been attempting to play down the country's current energy difficulties.

The petrol cuts by Italian subsidiaries of international oil groups follow the decision of their parent companies to *reduce supplies to Italy in view* of the situation in Iran, pressures on the U.S. oil market and difficulties in finding alternative oil import sources.

Moreover, Italian private oil companies like the Monti group, which controls the Mach petrol distribution network formerly owned by BP, and Italian brokers, which supply the Italian petrol market with about a million tonnes a month, are reported to be facing major difficulties in securing oil.

Later this week, the Italian Government is expected to consider proposals to enable Italy to cut oil consumption by 5 per cent this year, to meet the target set by member countries of the International Energy Agency.

The IRISH GOVERNMENT yesterday backed away from pressure to introduce rationing as an answer to Ireland's acute fuel shortage. Instead Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy, announced a compromise package, whose main elements are a reduction in the general speed limit to 55 mph and a minimum purchase level of £5 worth of petrol.

The WEST GERMAN subsidiary of BP announced yesterday that the price of super grade petrol is to rise to DM 1.02 per litre (£1.19 a gallon) at service stations, an average increase of three pfennigs. Normal grade is to rise to 98.9 pfennigs. Both increases take effect from Friday. Meanwhile, Chevron, a subsidiary of Standard Oil of California, will raise its prices from today by three pfennigs on super—pushing it just above the "psychological" DM 1 threshold—and two pfennigs on normal grade.

● Venezuela is to increase the export price of its light and medium crude oil today by 60 U.S. cents per barrel.

£ in New York

	May 15	Previous
Spot	$2.0625-0635	$2.0455-0475
1 month	0.31-0.27 dis	0.35-0.31 dis
3 months	0.67-0.63 dis	0.77-0.72 dis
12 months	2.35-2.25 dis	2.25-2.10 dis

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German coalition strain as presidential vote nears

BY ADRIAN DICKS IN BONN

THE West German Social Democratic Party (SPD)—Free Democratic Party (FDP) coalition, already strained internally by nuclear energy policy, pensions and other long-term matters, faces grave political embarrassment at next week's ballot for a new federal President, unless it can quickly agree on a candidate for the nation's highest office.

As matters stand, the candidate of the Christian Democratic Union (CDU) Opposition, Herr Karl Carstens, appears likely to win the ballot on the first round of voting by the federal Electoral College on May 23. The CDU and its Bavarian sister-party, Herr Franz-Josef Strauss's Christian Social Union, have a majority of the votes in the electoral college, thanks to their control of a majority of the Parliaments of the 11 federal states.

Herr Carstens, now President of the Bundestag (Speaker of the House), is on the right of his party, and has been under steady attack from leaders of the coalition, from Chancellor Helmut Schmidt downwards. He is not, moreover, universally liked, even within the CDU's own ranks.

It has been widely assumed that the outgoing head of state, Herr Walter Scheel, would attract some CDU votes as well as those of his own FDP and of the SPD, should he consent to stand again. Public opinion polls have also shown that Herr Scheel would be the overwhelming choice of the average German citizen.

Herr Scheel has, however, declined to offer himself as a candidate in what might be a closely contested race, both because he fears the consequences of making the presidency into even more of a political football than it is, and because he does not wish to risk the indignity of being defeated.

Yet the SPD and FDP, while continuing to attack Herr Carstens, have not so far named an alternative candidate. Not only have CDU opponents of Herr Carstens (if any exist) no-one to vote for, but representatives of the Government parties themselves will in fact have little choice but to abstain.

It is still widely believed that Herr Scheel might be induced to seek a second term, should the first ballot produce no clear result. Yet even this strategy seems to offer little chance of success if Herr Carstens is elected on the first ballot.

On Monday, the CDU executive challenged the Government parties either to put up a candidate for the presidency or to allow its men in the electoral college to give Herr Carstens the unanimous confirmation that he should be entitled to if he stands unopposed.

UK and Swiss oppose curbs on Euromarket

By David White in Paris

BRITAIN AND Switzerland came out against a U.S. proposal for regulating the growth of Euromarket lending, discussed when deputies of the Group of 10 Ministers from leading Western countries met here yesterday, according to delegates.

The proposal, which would impose minimum reserve obligations on banks operating in the market, was put forward at a central bank governors' meeting in Basle last week.

The plan is strongly backed by the West German Bundesbank.

Lisbon cuts tax on bonus

BY JIMMY BURNS IN LISBON

PORTUGAL'S non-party Government has reduced its controversial extra tax on the Portugese workers' traditional 13th month bonus hut reaffirmed its pledge to cut both public and private spending.

In its revised budget proposals for 1979 to 1980 published yesterday, what is described as "an extraordinary tax to balance the current budget" is reduced from 58 per cent to 35 per cent of the bonus. The original levy caused a major political storm and led to the Parliamentary defeat of the Government's first budget proposal in March.

While ensuring a safe passage for the budget later this month, the new concession is unlikely to prevent the eventual downfall of the present Government. Yesterday all four main political parties severely criticised a nationwide speech made on Monday night by Sr. Carlos Mota Pinto, the Prime Minister.

Answering Dr. Mota Pinto's challenge to Parliament to vote him down if it did not like his policies, both the socialist and social democrat parties again urged the Government to resign.

The latest budget proposal hardly affects the original text which reflects the wish of the International Monetary Fund to have Portugal's domestic consumption under strict control for at least another year.

Roger Boyes reports on the depressed state of the Ruhr, once an economic powerhouse

Smoke gets in their eyes

THE TUNE on the jukebox in Oberhausen was "Smoke Gets in Your Eyes." But the irony was lost on the cluster of unemployed teenagers killing time in the town's main cafe. Outside, yellow smoke belched out of a dozen chimneys.

The Ruhr, formally the economic powerhouse of Germany, now has the uneasy distinction of being one of the country's most depressed areas. The region's traditional strengths have been in precisely those sectors which have been hit hardest by the worldwide recession in steel, coal-mining and chemicals. Since 1966 more than 400,000 jobs have been lost from the Ruhr's main industries. Unemployment in the Ruhr last month was more than 8 per cent compared to the national average of 3.8 per cent.

The problems, though apparent for the past decade, have been obscured by a welter of proposals and counter-proposals, often prompted by the need to establish electoral advantage in the Ruhr which, with its 5.5m voters, has an important political role. This was clearly the background to a conference in the Ruhr town of Castrop last week which gathered together more than 100 federal and local politicians, union leaders and economists to discuss the region's difficulties and agree on a line of action.

In the event, there was singularly little agreement. Herr Johannes Rau, the Minister President of North Rhein Westphalia (the State which embraces the Ruhr), proposed a DM 5bn scheme to revitalise the region over five years, stressing that the money would come both from State and federal governments. Immediately after that speech, however, Herr Hans Matthoefer, the Finance Minister, declared the Federal Government was certainly interested in the recovery of the Ruhr, but he did not name a figure, mention the Rau plan or indeed make any concrete commitment. The gulf between the central government, wary of creating precedents, and the State leadership was never more apparent.

But the conference at least defined more sharply the problems which are plaguing the Ruhr. The central dilemma appears to be the dependence of the Ruhr on coal mining—about 40 per cent of the region's jobs are linked with the industry. This has meant not only high unemployment during the recession years but also a steady flow of skilled labour away from the Ruhr to other more prosperous parts of West Germany. Between 1965 and 1978, 330,000 people left the Ruhr to seek work elsewhere and the annual drift away from the region since 1975 has been about 40,000.

The State Government has approached this in two principal ways. Firstly, it has tried to change the Ruhr's industrial base, moving away from mining and steel and developing the service and other industries. It has had only limited success in this field. Electrical engineering companies now play a proportionately larger role than 10 years ago but still account for only 6.4 per cent of the total Ruhr workforce. Other sectors like the clothing and food processing industries have marked time in employment and turnover terms since 1967.

Second, the State authorities have tried to raise what they choose to call the "quality of life" in the Ruhr. In practice this has meant designing recreation parks—often on the sites of disused mines—reducing pollution and creating more cultural facilities. The idea is to attract workers from outside the region and also to persuade young families that it is worth staying in the Ruhr.

The Rau plan reflects these priorities. It envisages apart from the normal federal employment subsidies, a special annual fund of DM 500m which could be used to create jobs in local pockets of high unemployment. Herr Rau also proposed the establishment of an "innovation centre" which would advise Ruhr-based industries on how best to apply new technology in their plants while minimising the incidence of mass redundancies. Another fund of DM 500m will be devoted to building parks and flats on the sites of old industrial sites and extra subsidies will be allocated toward industrial air filters and other anti-pollution techniques. A further DM 960m is to be allocated from the State Budget toward the construction of coal-fired power stations.

To many politicians, including Dr. Ulrich Steger, a Social Democrat Bundestag member for one of the Ruhr constituencies, the Rau plan only skims the surface. "The real problem," he said last week, "is how to attract both capital and lahour to the Ruhr. Industrialists and employers have been relatively grudging abont investing here." While the Ran proposals will certainly create a better working climate—thus indirectly improving investment possibilities—they do not, Dr. Steger said, go far enough.

He maintains that industrialists should be given a greater incentive to invest in the Ruhr—mnch as companies are given substantial State help if they move to Berlin—and that more Government funds ahould be devoted to research into which industries are best suited for a move to the Ruhr.

The strengths of the Ruhr, once the economic powerhouse of Germany, are in precisely those industries hardest hit by the world-wide recession.

Greater private investment also calls fnr a more rational use of land, Dr. Steger says. The Ruhr industries have grown up in a haphazard way ever since the early 19th century when the Essen industrialist Herr Friedrich Krupp first established his steel works. Now the Ruhr is one of the most densely populated parts nf Germany and expansion is made extremely difficult mainly because of the lack of suitable sites.

A further premise of the Rau plan is questioned by Dr. Friedrich Vogel, Christian Democractic representative for another Ruhr constituency. Rather than invest millions of marks on diversifying away from the traditional industries, in the Ruhr, he says, emphasis should he to concentrate on hecoming the energy centre of West Germany. This wnuld involve huilding nuclear power stations in the region as well as consolidating — rather than running down—the mines. The Government has been reluctant to consider establishing more nuclear plants anywhere in West Germany—understandably enough given the uncertainties surrounding the industry.

But until the exact scope of federal aid for the Ruhr is determined the Rau plan and other proposals put forward by the CDU and the lncal economic authority (the Siedlungsverband Ruhrkohlenbezirk) remain somewhat academic. The Government is hesitant about pledging huge aid packages largely because this could be seen as a precedent by other areas—the Saarland, for example—and specific economic sectors like the shipbuilding industry. Yet, as economists in the Ruhr pointed out last week, the Government will have to take the plunge on aid sooner or later if only to control the volume of State subsidies.

Coal sales have been falling in West Germany while coal and coke stocks at the pithead have been rising. In 1977 Ruhrkohle, which accounts for some 82 per cent of West German hard coal production, suffered operating losses of DM 525m. Subsidies to the mining industry of over DM 4.5bn a year have evidently not been sufficient to attract new investment.

In the steel industry, the outlook has been equally grim, although some would argue that the West German indnstry is in a better state than other European countries.

● The Lower Saxony Government yesterday rejected plans to build the world's higgest commercial nuclear complex, a nuclear re-processing plant, at Gorlehen, Reuter reports, quoting officials. They said the Government would, however, give provisional authorisation for an underground nuclear dump at the same site.

ANGLO-DANISH RELATIONS

Bonn looms larger

BY HILARY BARNES IN COPENHAGEN

WHEN QUEEN ELIZABETH arrives in Denmark today she will find that the Danes like the British more than prohahly any other people. They love English football and television series, serious as well as comic. They appreciate British humour. They flock in hundreds of thousands to London tn shop, pub crawl and see the London shows and theatres. And a high proportion speak a near-faultless English.

But the Anglo-American cultural influence, with the emphasis on the Anglo, is not as dominant as it once was.

In 1972 the classic dilemma of Danish foreign policy — the choice of the relative weight to be given to the Continental and the Atlantic approach—was resolved. The EEC and NATO have, as Mr. Henning Christoffersen, Foreign Minister, said, placed Denmark in the ideal situation of no longer having to make a choice.

The growing economic and political power of West Germany means, however, that Germany looms ever larger in Denmark's external relations. Germany is now as vital to Denmark's defence as the UK. It has outstripped the UK as Denmark's largest export market. As a member of the "snake" Denmark, until 1967 firmly attached to sterling, hecame part of a Deutsche Mark zone. The Bundeshank pulled Denmark's chestnuts out of the fire when the foreign exchange reserves reached vanishing point.

There is at the same time a conflict of interests between the UK and the rest of the EEC, including Denmark, over agricultural, fisheries and energy policy. As the Community's biggest agricultural exporter and its largest fisheries nation, Denmark is at the forefront of these particular conflicts.

The Danes as exporters want high prices for their farmers and the UK as an importer wants low prices for its consumers.

The fisheries issue is new and arises partly from wider international changes and partly from the CFP. The British believe they have a just claim to a larger share of the fish in the North Sea than the CFP allots them, hut the Danes no less stubbornly resent being pushed out of waters which they have fished freely for centuries. The restrictions could, if carried too far, cause the collapse of the modern fish processing industry which they have developed, say the Danes.

Mr. Christoffersen, who met Lord Carrington last weekend at the unofficial meeting of EEC Foreign Ministers in France, and will be meeting him again in Copenhagen this week during the Queen's visit, hopes the change of Government in the UK will hring about an improvement in the U.K's relations with Europe.

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Italy halted by 24-hour strike of public services

BY PAUL BETTS IN ROME

A 24-HOUR strike by 2m workers bronght most public services in Italy to a standstill yesterday. Airports were paralysed and severe disruption was caused to schools, hospitals, Ministries and telecommunications. Supplies of gas, electricity and water were interruptod in some cities.

The strike was called by the trade uninn confederations in an atempt to sped up wage negotiations before the June general election. Although negotiations with tho private soctor are still deadlocked, there are, in fact, signs nf progres sin the pnblic sectnr.

The private sector claims that the Government and the political parties are anxious to reach a quick sottlement with the unions because of the eloction campaign. Private employers fear that Government concessions to the unions will weaken their bargaining position.

Public-sector employers havo indicated in recent days that they aro prepared to compromise on union demands for shorter hours, if tho unions give guarantees to reduce absenteeism which has plagued a number of stato industries.

Coupled with the wave of labonr agitation, the election campaign continues to be disrupted by political violence. Terrorists raided a police parking area yestorday and burned a number of police vohicles. On Monday serious damage was caused by bombs at the Regina Coeli prison.

Meanwhile, all the political parties are actively campaigning throughont thet country and in a series of rallies tho Communists have renewed their demands for direct participation in tho next Government.

But in view nf expected gains, the Christian Democrats aro believed to be exploring tho possibility of an alliance with other parties, especially the Socialists, to the exclusion nf tho Communists.

Giscard 'above the party battle'

BY TERRY DODSWORTH IN PARIS

PRESIDENT Valery Giscard D'Estaing made his first significant statement in the European election campaign last night with a speech designod to place him above the party conflict.

He told an audionce of 40,000 at a rally in Alsace, to support tho party of thoir choice. He did not want to advise them how to vote, he aaid—a tactic clearly aimed at avoiding the criticism that he might be *using his office to canvass for* his UDF party in preference to tho Gaiullist wing of tho Governmont majority.

His speech went on, however, to spell nut a position on Europe, which could largely bo interpreted as a defence against Gaullist attacks.

The President did nnt mentinn criticisms that he has beon nndermining French interests by supporting more powerful *European institutions*. But he underlined his confederal concept of Europe, in which individual nations continne to enjoy *considerable freedom for action*, and stressed that the direct elections were entirely in conformity with the Treaty of Romo.

His most pointed riposte to the Gaullists came in quoting a comment in favour of a unitod Europe, made by General de Gaulle, who is ritually mentioned in virtually every speech by M. Jacques Chirac, the Gaullist leader. But tho direction of tho Presidont's thinking camo across most fnrcefully in a powerful, and, at times, emotional defence of the European idoal.

Marchais strengthens his grip

BY DAVID WHITE IN PARIS

AGAINST ALL conventional *wisdom, M. Georges Marchais* has emerged from tho French Communist Party's 23rd Congress with his position aa leader strongthoned and with an apparently moro united party behind him.

Tho Congress was expected to confirm that the French Communists wero returning towards isolationism, orthodoxy and Moscow, and that M. Marchais' obullient act was being upstaged by the hard-liners.

In the event, M. Marchais appears to have conceded enough to the hardliners to neutralise their challenge.

M. Marchais' marathon report, *which took him five hours* to read, was unanimously approved despite, or porhaps because of, ambiguities on all three of the most sensitivo issues it had to doal with.

First, nn relations with tho Soviet bloc, M. Marchais confirmed that the French party, after dragging its feet on tho path away from Moscow, has *taken a few steps back towards* the Kremlin. The record of Communist countries was "globally positive." The Soviet Union was to be praised for its role in the China-Vietnam conflict, and in helping liberation movements. But, on tho other hand, M. Marchais sounded off against big power blocs

Second, on relations with the Socialist Party, M. Marchais had a good timo reviling *M. Francois* Mitterrand, said thero was no hurry to make amends, and that in the meantime the Communists would promoto a "rank and file union" by concontrating on workers' movements.

Third, on tho party's relations with its own intellectuals, M. Marchais warnod strongly against divisive tendencies. But *he recognised that there were* divergent opinions, and made no move to outlaw dissenters.

Europe turns down ban on overtime

By Giles Merritt in Brussels

THE EEC COUNCIL of Ministers has turned down proposals for the banning of overtime working and instructed the European Commission to open fresh studles on the precise economic implications of a Community work-sharing programme.

The *Employment Ministers*, who met in Brussels yesterday, took a similar line nn the work-sharing question to the EEC's Finance Council. Both councils clearly felt that tho programmo published by the Commision at the beginning of this month lacks sufficient facts and research.

Britain, represented by Mr. James Prior in his first visit to Brussels as Employment Secretary, is believed tn have led opposition in the Council to the Commission proposals. Mr. Prior said after the mooting that, because of the UK's high unit costs and low productivity, work-sharing risked increasing unemployment rather than helping to solve the problem.

Gundelach gloomy on farm prices

By Margaret Van Hattem in Perpignan

PRICES OF major EEC farm prodncts will be frozen over the next year, by default if EEC Farm Ministers cannot agree to freeze them.

But Europe will be awash with milk if the Ministers do not agree in the next month or so on measures to curb tho dairy surplus, and right now they dn not look anywhere near agreement.

This is how Mr. Finn Olav Gundelach, the EEC Farm *Commissioner*, foresees the future. Ho has just spent two days with the Ministers in the French Pyrenees, at the *invitation* of the French Government.

Mr. Gundelach is worried that the price negotiations, already delayed by the British elections, will be furthor delayed by tho June 7-10 European elections. If tho Ministers do not come to a settlement at their next meeting, scheduled for Juno 18-19, ho sees *little chance* nf agreement before the August recess.

Soviet build-up worries NATO

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

NATO MILITARY experts yesterday said they were seriously concerned at the new threat to Western Europe posed by the increasing sophistication of Warsaw Pact nuclear and conventional weapons.

Western Defence Ministers, at their spring meeting in Brussels, were warned by their military advisers that the build-up of Soviet *medium-range* nuclear weapons seemed to be a deliberate attempt by Moscow to unsettle the East-West nuclear balance in Europe.

Officials also expressed mounting anxiety at the Warsaw Pact's increasing capacity to wage chemical warfare, against which Nato is largely defenceless and at the East's recent development of electronic jamming devices that could "blind" Western forces on the battlefield.

The intelligence report to the Minister said it was quite clear that the pact's armed forces were becoming "year by year, step by step, a more capable, more versatile, more flexible, better equipped, more offensively oriented instrument of Soviet policy.

Particular concern was expressed over the pact's increasing technological sophistication in many respects, rivalling that of the West without any reduction in the overall size of the Eastern forces.

General Zeiner Gundersen, the Norwegian chairman of the alliance's military committee, told a Press conference that there was great military concern over the continuing increase in the Soviet Union's medium-range nuclear arsenal. The Russians had now deployed about 100 of its new SS-20 nuclear missiles, targeted at Western Europe, and a further 100 or so Backfire bombers armed with nuclear weapons.

Both systems have ranges suitable for striking Western Europe rather than the U.S. and their introduction has added to the urgency of modernising the West's ageing European nuclear defences, at least in the eyes of Britain and Germany.

General Gundersen also expressed concern at the presence in the Baltic of Soviet Gulf Class submarines which were probably armed with nuclear missiles capable of reaching anywhere in Western Europe.

Equally, he said there was great concern about the security of NATO's vital raw materials and sea lines of communication.

He emphasised that he was not advocating any form of global role for NATO. But he thought that the alliance should at least consult more frequently about developments beyond its immediate formal boundaries in the Atlantic and the Mediterranean.

Tito repeats opposition to Soviet interference

IN A MAJOR speech on the eve of his departure for Moscow, Mr. Josip Tito, the Yugoslav President yesterday reiterated Yugoslav opposition to what he sees as Soviet-inspired attempts to split the non-aligned movement and restated the Yugoslav position on events in South east Asia which brought it into dispute with the Soviet Union. The Yugoslav leader carefully refrained however from directly criticising the Soviet Union, Aleksander Lebl reports from Belgrade.

Meanwhile, Mr. Stano Bolanc, secretary of the presidency of the Central Committee of the League of Communists of Yugoslavia, who was once tipped as a possible successor to Tito, was relieved of his duties yesterday. The position which he had held for eight years, was institutionalised on a two-year rotating basis, meaning that now neither the party nor State functions are in the hands of one individual.

West's raw materials under threat

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

THE EMERGENCE of China from self-imposed isolation and the instability which engulfed Iran were the major new factors affecting the strategic balance in 1978, according to this year's Strategic Survey published by the International Institute for Strategic Studies, in London yesterday.

The former adversely affected Soviet security while the latter, which symbolised the volatility of Third World developments, highlighted the most serious security challenge facing the West in the 1980s: "How to ensure the supply, from an unstable Third World, of the raw materials on which its economic well-being, domestic stability and political cohesion have come to depend."

In general terms the events of the year confirmed the underlying trend towards an increasingly plural and diverse world and the growing inability of both the major powers to shape and control events "not only in the unsettled regions of the Third World but even to some extent within their own alliances."

Iran in particular raised some fundamental questions for the West. The survey warned against interpreting events in the Third World primarily in terms of East-West competition. While it is true that "a crisis of stability in a Middle East oil producing country means a strategic loss for the West" the survey urges the West to look to the internal root causes of such instability which exist quite independently of the East-West dimension.

Criticising the Western readiness to give "carte blanche" to the Shah of Iran's arms requests the survey added; "if the United States had given the men on the Peacock Throne plain and honest advice . . . instead of courting him, perhaps the turmoil and bloodshed could have been prevented."

Stability should be the West's main goal and achieving this will require a major reassessment of the political and economic relationships between the western countries and major raw material producers. "Should raw material producers be urged (as the oil producers have been) to determine their output by the demands of the industrialised world rather than those of their own society" the survey asked.

"If producing less would assure a more stable process of modernisation, if conserving energy also conserves internal stability, then this course would seem to be in the best interests of the consuming countries," it concluded.

Turning to China, the report said: "It was the antagonism between the two major Communist powers, China and the Soviet Union, which gave global significance to China's emergence from self imposed isolation."

However, "Western reactions to the Sino-Soviet rift should be based not on predictions about essentially unpredictable developments but on longer term Western interests."

"Because of the primary strategic importance of a stable international environment to the Western industrial countries, this interest can be summed up simply thus: to integrate both the Soviet Union and China into an international system that favours stability."

While the West may profit from tensions between China and the Soviet Union it would be short sighted to promote them. There can be no durable advantage in "playing the China card by explicitly exploiting the Sino-Soviet rift," it added.

As for the Soviet Union itself, the report said that "uncertainty of Third World developments and concern over China's new-found dynamism seemed to lead the Soviet Union to strengthen her own strategic periphery." But this served to underline the central dilemma of Soviet foreign and strategic policy. "Emphasis on the strategic periphery was a reflection of renewed fears of encirclement." For the most part the renewal of this fear was self-induced due to the Soviet Union's "traditional tendency to define her security in a way which often implies insecurity for others."

Thus, while the survey concedes that the Soviet Union's intentions were probably defensive rather than aggressive or expansionist, the continuing Soviet military build-up and pressure on peripheral countries like Norway and Japan "generated renewed determination over defence in the West while concern about Soviet willingness to support a stable international order nourished doubts in the United States) about the credibility of the Soviet detente policy as a whole."

Collapse of AOI will sap Egypt's military strength

BY ROGER MATTHEWS IN CAIRO

EGYPT'S military strength is likely to be seriously affected by the decision of Saudi Arabia, Qatar and the United Arab Emirates to withdraw from the Arab Organisation for Industrialisation.

The decision, announced on Monday, means that helicopters, anti-tank missiles and fixed-wing fighter aircraft will not now be produced in Egypt and that a number of other armament projects are also in jeopardy.

Egypt will become almost totally dependent on the U.S. for military supplies and is at present completing a $1.5bn shopping list for items which President Carter agreed to provide after the signing of the peace treaty with Israel.

Egypt has expected to receive, through the AOI, at least 300 Lynx helicopters, many of which were to have been fitted with the HOT anti-tank missile. In addition Cairo expected the British swing-fire anti-tank missile as a jeep-mounted weapon, and later the Franco-German Alpha-jet trainer and close support fighter, and the Mirage 2000.

All this was required to replace ageing Soviet equipment, much of which is reaching the end of its active life and for which spares are lacking. The air force's 200 or so MiG-21a are in this category.

The AOI had been taking increasing responsibility for refurbishing both the airframes and engines of the MiGs. It is understood to have been on the point of signing a multi-million dollar contract for accelerating the work.

The prospect now is that an increasing numbers of MiGs will have to be cannibalised to keep others in the air, unless the U.S. can offer technical and financial assistance.

With Saudi Arabia also having withdrawn its offer to purchase 50 F5E fighters for Egypt from the U.S., Egypt's Air Force must be anxious about its diminishing air defence capability. The only new supplies that Egypt is expecting are 35 second-hand Phantoms as part of the $1.5bn U.S. package. Military experts suggest that the Phantoms with their impressive pay-load and missile armaments just about cancel out the loss of the F5Es.

However there is nothing in sight to replace Cairo's Soviet-made helicopters of which there are more than 100. It is understood that 20 MI-4 helicopters may have been grounded already.

Egypt may decide to ask the U.S. to increase the amount of weapons it will make available as a large part of the $1.5bn has already been earmarked for the improved Hawk air-defence missile system and 11 more C-130 heavy transport aircraft. With Egypt's C-130 fleet being stepped up to 30, in addition to some 20 heavy Russian transports that are still flying, the country has by far the biggest airlift capacity in the region, an indication of the wider role that President Sadat may be considering.

David Lennon reports from Tel Aviv: Egyptian officials have shown little enthusiasm for an Israeli proposal that the two countries should undertake joint development work at the Alma oil field in the Gulf of Suez, which is to be handed to Egypt in six months.

Israel proposed at a meeting at A-Tur in Sinai on Monday that $20m should be invested in the installation of a pressure maintenance system to ensure the level of production at the wells in the field. It further suggested that some $10m should be spent on drilling four additional wells.

Egyptian officials at the meeting told the Israelis that they would reply at the next meeting, due in two weeks' time at Abu Rudeis.

Ihsan Hijazi reports from Beirut: In a move to stop clashes between their rival militia groups, The Lebanese Christian groups headed by Mr. Pierre Gemayel (Phalange Party), and Mr. Camille Chamoun (National Liberal Party), announced yesterday that they had decided to merge under the joint leadership of the two men.

Earlier the militia were reported to be battling for the fourth day running in two suburbs of the Lebanese capital. Police put the casualties at 24 dead and 40 wounded.

Japan to reform exchange control law

By Richard C. Hanson in Tokyo

JAPAN'S CABINET yesterday approved a draft Bill revising the country's foreign exchange controls. In fact, while making all external transactions free in principle, the Bill will mean no substantial change from the already much liberalised system now being used.

If Parliament acts promptly during the present session, the new Bill could become effective by next January.

The current law bans all capital transactions in principle but in recent years and months exceptions to the rule have opened up most key areas. The new law will give the authorities power to apply controls in cases of extreme exchange rate fluctuations, abnormally large imbalances in international payments and when inflows or outflows of capital threaten credit policy measures.

Under the Bill, borrowings from abroad and loans overseas, including yen and dollars, with prior notice, will be freed from official controls. In principle, Japanese businesses will be able to issue bonds overseas freely and foreign concerns can likewise issue on the Japanese market, with certain exceptions.

Direct investments into and out of Japan will be liberalised, but the Bill can still control internal direct investments in Japanese agriculture, forestry, fishery, mining, leather manufacturing and oil industries.

In current transactions, the Bill calls for removal of regulations from merchandise trade in principle, but it will take some time to unwind the complicated rules governing imports and exports.

The Bill retains the system of authorising banks to handle foreign exchange transactions which gives the Finance Ministry considerable powers to monitor. It is not clear yet whether in practice smaller provincial banks will be permitted to lend overseas, although in principle they will only have to notify the authorities.

Assurances for Iran's Jews

BY SIMON HENDERSON IN TEHRAN

LEADERS OF Iran's Jewish community have been told by Ayatollah Khomeini that they have a secure future in the Islamic republic, but the community as a whole is said to be in a state of shock at reports of new arrests of Jewish businessmen.

Assurances that they would be treated exactly as Moslems were given by Ayatollah Khomeini during a one-hour meeting in Qom on Monday with six Jews led by Hacham Yedidiah Shofet, Tehran's Rabbi. The visit took place just a few days after Mr. Habib Elghanian, a prominent Jewish businessman, was shot by firing squad on charges of corruption and spying for Israel.

A Jewish spokesman, who declined to be identified, said the delegation congratulated the Iranian religious leader on the establishment of an Islamic republic and denied that there was any significance in the timing of the visit. He said that reports of arrests of other Jews since Mr. Elghanian's execution were 90 per cent without basis.

The reports say that between 20 and 26 Jews have been detained by Revolutionary Committees but the only two identified are the brother and nephew of Mr. Lotfollah Hai, a businessman, now abroad.

REFUGEE TIDE IN THE FAR EAST

A thorn in side of ASEAN

BY PHILIP BOWRING, RECENTLY IN KUALA LUMPUR

MANY SOUTH-EAST ASIAN countries believe that Vietnam is deliberately encouraging the flow of refugees from Indo-China to add to the economic and political burdens of the member states of the Association of South-East Asian Nations (ASEAN). They are thus likely to be highly sceptical of the Vietnamese promise yesterday of full co-operation in solving the refugee issue.

At an international conference in Jakarta on the still growing refugee problem in the region, Mr. Tran My, Vietnam's ambassador to Indonesia declared that Vietnam was ready for bilateral discussion with all South-East Asian countries on the flow of refugees "in conformity with its policy of contributing to peace and stability in the area."

Thailand is host to about 200,000 refugees, most of whom are Lao who arrived across the Mekong River. But Thailand also now has an increasing number Khmers.

There are some 53,000 refugees from Vietnam in Malaysia, all of whom arrived by boat. They are mostly in camps run by the UN High Commission for Refugees, notably Pulan Bidong, a formerly uninhabited island off the east coast of Malaysia.

Hong Kong now has about 20,000 mostly in camps, while Indonesia has about 6,000 boat people and the Philippines some 4,000 awaiting resettlement.

The boat people's method of escape has attracted world-wide attention. They have arrived in countries which have made it clear that unless other nations bear the eventual burden of resettling the refugees they will refuse to let the boat people land. The boat people are mostly urbanised, often middle class, people more readily resettled in developed countries.

Malaysia has given temporary sanctuary to the majority of boat people, most of whom make directly for Malaysian shores. The Government in Kuala Lumpur regards its attitude as generous. It has helped provide camps and facilities for the refugees, in contrast to neighbouring Singapore, which declines even a temporary haven to refugees unless they are assured of acceptance by a third country.

But Malaysia's willingness to accept boat people into their camps has recently become strained. All along, Malaysia's generosity has been contingent on assurances from accepting countries, notably the U.S. and Australia, that they would do their best to increase their intake. But Malaysia has actually accepted not a single Vietnamese refugee, who are mostly ethnic Chinese.

In contrast, Malaysia has accepted several thousand Moslems from Cambodia, and has worked out settlement programmes for many of the 70,000 Moslems from the southern Philippines.

Malaysia makes much of the need for the developed nations in particular, to shoulder the Indo-China refugee problem. It has been successful in persuading the U.S. and Australia in particular to increase their intake of refugees—the U.S. announced recently that it would take another 40,000 Vietnamese refugees over the next 12 months. But Malaysia's critics say that it would speak with more authority if its own policies were not so clearly influenced by racial and religious considerations.

Hong Kong has so far accepted some 12,000 Vietnamese for permanent settlement, but these have mostly been people who already had family connections with the colony. Increasingly tough talk is now coming from Hong Kong which is taking legal action against captains of refugee boats. Hong Kong cannot claim that the Vienamese are a very serious problem compared with the influx of migrants from China which is now running at an annual rate of 150,000. But the position is certainly becoming more worrying.

Indonesia may alleviate much of the short-term burden created by those arriving in ASEAN countries. It is offering use of an island where all boat people landing in ASEAN territories would be sent pending relocation. But it is not certain whether such a centre would be workable. The Indonesians insist that all who are sent to the camp must eventually be accepted for settlement and that Indonesia should not be left looking after the sick and lame whom other countries will not take.

Refugees from Vietnam cram the decks of a freighter as it arrives in Hong Kong harbour.

The rate at which refugees are being relocated in Western countries has been stepped up. In addition to the 40,000 Vietnamese that the U.S. will take in the next year, about 10,000 will go to Australia from Malaysia and several thousands more to Canada, France and various Western European countries.

The increased rate of flow to Western countries is beginning to match the size of the problem. But the fairly liberal attitude being adopted by the accepting countries may simply be encouraging the outflow, and fudging the distinction between refugee and immigrant. Malaysia has taken to calling the boat people "illegal immigrants"—though it is clear they are mostly not trying to emigrate to Malaysia. Their objective is the West or Australia.

Meanwhile there is no way of knowing how much longer the Vietnamese Government will continue to encourage the outflow of the old Chinese entrepreneurial class, the "parasites dedicated to a consumer-oriented way of life" as Hanoi's ambassador to Paris recently described them.

It is not even clear whether there are enough boats left in Vietnam to support the rate of emigration. But if a high outflow continues and Western countries become less willing to resettle at the current rates, more ugly incidents can be expected, like a recent one off Malaysia. A refugee boat was sunk while being towed out to sea by the Malaysian navy, which was presumably trying to push them towards Indonesia.

More than 100 people died in this tragedy which the Malaysian Government initially tried to cover up. The news was eventually disclosed by the UN representative who was then abused by Tan Sri Ghazali Shafie, the Malaysian Home Affairs Minister. The Minister suggested that the Vietnamese probably sunk their own boat.

The Malaysian and others can use navies to keep some boat people away, but Thailand is in a much more difficult position. It is unable to enforce a tough attitude to defend its very lengthy borders against refugee influx. Though more than 70,000 of the 200,000 refugees who have arrived in Thailand since 1975 have been found homes, these tend to be Laos who fall into a similar category as the Vietnamese—urban, educated, often of Chinese origin and with a commercial background. But the majority are much poorer people, many of them hill tribesmen who have fled from war, famine and oppression.

They are refugees in the fullest sense of the word. They are mostly living in grim conditions—grimmer than the boat people of either Pulan Bidong or Hong Kong—with few chances, and perhaps little wish, to be whisked away by air to a new life in the West.

Peking mayor rehabilitated

PEKING — Mr. Peng Zhen, a former Mayor of Peking, and two other men branded as renegades and revisionists during the Cultural Revolution have been elected to the National People's Congress, China's parliament.

Mr. Peng, aged 70, reappeared in public at a lunar new year celebration on January 27.

He now heads the parliamentary legal committee overseeing the drafting of new legal codes for China and is director of the legislative affairs commission of Parliament.

The two other former "renegades" elected are Mr. Bo Yibo, 70, a former Vice-Premier and economic expert, and Mr. An Ziwen, 70, who once headed the organisation department of the Communist Party's central committee and is now vice-president of the central committee's Party School. AP

Jury out in nuclear safety hearing

By David Lascelles in New York

A JURY in Oklahoma began considering its verdict yesterday in the Karen Silkwood affair, a highly publicised case in which a large nuclear energy company is accused of running an unsafe plant and of trying to conceal the evidence. Coming after the Three Mile Island accident and the release of the film "The China Syndrome," the climax of the 10-week trial has added to the already lively nuclear debate.

The $71.5m suit was brought by the family of Karen Silkwood, a laboratory technician at Kerr McGee Corporation, who claims she was contaminated at the company's plutonium plant outside Oklahoma City in 1974. She gathered evidence to support her charges but died in a car crash in late 1974 as she was going to meet a reporter from the New York Times and a representative of the Oil, Chemical and Atomic Workers' Union.

Her charges were that safety standards at the Kerr-McGee plant were lax and her union told the court that she had found cracks in the packaging of plutonium pellets being shipped to a nuclear plant. Just before she died, she was diagnosed for radiation and found to have been exposed to under one-fourth of the maximum allowed by federal regulations.

The family's lawyers claimed during the trial that Kerr-McGee ran their plant with "callous and wanton" disregard for the safety of workers and the public.

Kerr-McGee claim that Karen Silkwood was "used in a scheme to embarrass the company in the most harmful way." Lawyers contend that she stole plutonium from the plant and tried to doctor her urine samples so as to give the impression that she had been contaminated. While doing this, they allege, she did contaminate herself accidentally.

So potent is the publicity about nuclear safety at present that the judge in the case ordered the jury to ignore the Three Mile Island accident and "The China Syndrome." The film is about an accident at a nuclear power plant and contains a scene in which a television crewman, driving to a hearing with evidence of faulty nuclear equipment is pushed off the road by men from the company which makes the equipment.

U.S. spy flights decision creates treaty dilemma

BY DAVID BUCHAN IN WASHINGTON

THE SWELLING public debate on the new Strategic Arms treaty and the issue of its adequate verification have been given an unexpected twist by Turkey's announcement that it would allow American U-2 spy aircraft to use its bases only if the Soviet Union did not object.

The State Department yesterday confirmed that the U.S. recently asked the Ankara Government to permit U-2 flights to resume from bases in Turkey—to compensate for the intelligence gap on Soviet missile-testing activities caused by the closure of U.S. tracking stations in Iran.

The request is controversial in Turkey. In 1960 a U-2 aircraft flown from Turkey by Mr. Gary Powers was shot down over Soviet territory, creating a political crisis between Washington and Moscow.

A Turkish Foreign Ministry statement this week stressed that Turkey's decision would be based on "its own security and relations with its neighbours."

The dilemma for the Soviet Union is that if it objects to a resumption of U-2 flights from Turkey, the chances for ratification of the new SALT treaty in the U.S. Senate would be scuppered. Many Senators are keenly exercised by the problems of checking that the Soviets live up to the treaty's provisions.

Mr. Paul Nitze, who as a former Deputy Defence Secretary and SALT negotiator under Republican Administrations has emerged as the most formidable critic of the SALT II treaty, said yesterday that the Russians had made it clear in the SALT 1 talks that they regarded the use of foreign bases as against the verification ground rules of SALT.

Mr. Nitze considers the verification issue is secondary, because the new treaty gives the Soviets so much leeway, that "there is not any incentive to cheat."

Among amendments that he thought the U.S. Senate should make to improve the treaty was an option for the U.S. denied in the SALT II agreement, to build heavy missiles such as the 300 or so SS-18 missiles which the Soviet Union is allowed to keep. The Russian force of Backfire bombers should also be included in the overall ceilings established in the treaty, he said, but conceded that the Russians were most unlikely to budge on this latter issue, and that U.S. insistence on it would be "just a way of killing the treaty."

Budget talks called

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A CONFERENCE committee of the House and Senate on Capitol Hill will today begin meetings to hammer out differences between the budget resolutions which have now passed both chambers. On Monday, the House voted in favour of limiting the budget deficit for the next fiscal year, beginning in October, to $20.9bn.

This is well under the $29bn figure settled on by the Senate last month and the $28.4bn advanced by the Carter Administration. But all three figures are based on varying assumptions about the performance of the economy in the next fiscal year.

The Senate figures, providing for Government spending of $532.6bn and revenues of $503.6bn, are based on more pessimistic forecasts than the House, which envisages outlays of $529.8bn and income of $509bn.

Leaders of the House said that their resolution demonstrated Congressional determination to reduce spending and thereby inflation. Mr. Joseph Fisher, the Democrat from Virginia, whose proposal to cut spending by $2.5bn was approved, described his approach as the use of "a small meat axe, nearer the size of a scalpel."

Republican members had been fighting for deeper cuts in spending, reflecting, they argued, the public desire for a smaller Federal Government role.

Castro visits land of his exile

By William Chislett in Mexico

FIDEL CASTRO, the Cuban leader, will return to Mexico on Thursday for an historic meeting with Sr. Jose Lopez Portillo, the Mexican President. The Cuban leader sailed from Mexico, where be was in exile, to Cuba in 1956 with a band of 80 rebels to overthrow the Batista dictatorship.

In a terse statement, the Mexican Foreign Ministry merely said yesterday that the two heads of state would meet on the Caribbean island of Cozumel.

The Mexican and Cuban leaders will, apparently, discuss education, sugar, technology, and possibly oil. Cuba imports all its oil from the USSR, and there is speculation that the two leaders will discuss the possibility of an exchange whereby the USSR would divert some of its oil destined for Cuba to Spain; and that Mexico, in turn, would divert some of its oil destined for Spain to Cuba.

Mexico has maintained basically good relations with Cuba, maintaining diplomatic relations after the revolution. Mexico spurned the blockade imposed by the Organisation of American States in 1964, and Cuba is one of Mexico's main customers in the socialist bloc.

President Castro's 29-hour visit will be only the second one he has made to Latin America since he came to power. The previous occasion was when he visited the former Chilean leader, Sr. Salvador Allende, in 1973.

Washington considers quitting WHO

BY BRIJ KHINDARIA IN GENEVA

THE UNITED States is currently considering whether it should quit the World Health Organisation following an Arab move to oust Israel by the same procedure that expelled South Africa from the organisation in 1964.

The U.S. withdrew from the International Labour Organisation (ILO) three years ago because of alleged politicisation arising, among other things, from repeated criticisms of Israel and the seating of the Palestine Liberation Organisation as an observer.

The Israelis have condemned the Arab move as one that will cause a "dismantling and disintegration" of WHO, which bas perhaps the best record among UN agencies of useful work on health improvements in both developing and developed countries.

Several developing countries are dismayed by the Arab demand that Israel's voting privileges should be withdrawn—a move equivalent to expulsion—because of its alleged maltreatment of Arabs and Palestinians in the occupied territories.

Mr. Joseph Califano, U.S. Health Secretary, warned WHO's annual assembly, which opened here on May 7, against "irrelevant political battles" that might do "irreparable harm" to WHO. U.S. ambassador Mr. William Vanden Heuval, the U.S. ambassador to WHO, has been called to Washington for consultations on how the U.S. should handle the situation.

Before his departure the ambassador said the U.S. would "reply in an appropriate way, including the distinct possibility of withdrawal from WHO," if the Arabs forced sanctions against Israel.

The situation is complicated by the quarrel between Egypt and other Arab states over the peace treaty with Israel. Egypt has not been allowed to take part in Arab group discussions here. The Arab group has also asked that WHO's regional headquarters should be removed from Alexandria, where it has been for 30 years.

The hardliner Arabs are putting severe pressure in the lobbies here on developing nations, particularly the Africans, to heed their demands.

But these countries will be the worst hit by U.S. withdrawal from WHO. Two years ago the developing countries pushed a resolution through the assembly ordering WHO to spend 60 per cent of its budget on technical aid and health programmes, mainly in the poorer nations.

The U.S. provides about 26 per cent of the WHO's biannual budget, fixed at $427m for the 1980-81 period.

The U.S. Congress has already blocked a part of the $49m U.S. contribution to the 1979 budget under a Bill passed last year which demands that UN specialised agencies should not spend money from their budgets on technical assistance. The Administration is currently trying to obtain release of this money, but has said that its efforts will be nullified if the Arabs succeed in their move against Israel in Geneva.

Reuter adds: Preliminary studies are being made of a proposal to transfer the headquarters of WHO from Geneva to an African country, officials of the agency said.

Airline extends strike cancellations

BY JOHN WYLES IN NEW YORK

UNITED AIRLINES, the largest U.S. carrier, yesterday extended the cancellation of all its scheduled flights until May 26 because of a 45-day strike by 16,800 of its employees which has put severe pressure on domestic air services.

Normally, United's 1,600 daily flights carrying 130,000 passengers account for about 24 per cent of passenger miles flown in the U.S. Since the International Association of Machinists (IAM) went on strike on March 31, there have been long queues at the ticket counters of rival airlines, correspondingly full flights and bizarre travel patterns for passengers who are finding it difficult to fly direct routes.

Pressure for seats has been particularly intense in such key United cities as Cleveland, San Francisco and Chicago. The shutdown has also created special difficulties for travel agents, but is likely to bring windfall profits for a number of other airlines including small regionals such as PSA and major carriers such as Trans World Airlines and American Airlines.

A fresh round of peace talks between United and the IAM has been under way in Denver, Colorado, for several days under the auspices of the National Mediation Board.

But the union is under intense pressure from its members, who rejected two proposed settlements giving wage and benefit increases worth 40 per cent over three years before going on strike, and reportedly want a settlement closer to 60 per cent.

In the more competitive climate following airline deregulation, United is making a stand against an unacceptable increase in its labour costs, which account for about 41 per cent of most airlines' expenditure.

Before deregulation last November a large proportion of a labour agreement could be recouped from the Civil Aeronautics Board which allowed fare increases based on average industry costs.

An eventual settlement higher than 40 per cent could also run foul of the Government's wage guidelines. The policy permits an agreement above the notional 22.5 per cent rise over three years when it qualifies as a "tandem agreement." These traditionally follow a pacesetter agreement which was signed before the pay policy came into force at the end of last October. A TWA agreement last autumn is the recognised pacesetter and this has been costed at around 40 per cent.

UAL, United's parent company has warned that its second quarter earnings will be "severely affected" by the stoppage. In contrast with previous disputes the airline is not receiving any financial support form its competitors under the industry's mutual aid pact, which was abandoned

Time bomb still under IATA

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE 103 airlines belonging to the International Air Transport Association can now begin to implement their plans for reforming the IATA machinery, especially on fixing fares and cargo rates, following a decision earlier this week by the U.S. Civil Aeronautics Board to give "interim approval" for the changes. They have already been approved by all other governments except Japan, which is now likely to follow suit.

But the CAB, a long-standing opponent of IATA—so much so that two U.S. airlines, Delta and Pan Am, felt obliged to quit the body—has left a time-bomb ticking under the association.

This is a "Show Cause Order"—requiring IATA to show why the CAB should not withdraw from the association its present immunity under the U.S. anti-trust laws. Such a move would lay all the airlines in the association open to severe penalties under U.S. law, simply by being members of a body of which the U.S. Government, through the CAB, disapproves.

The threat was first issued last summer and has since disrupted much of IATA's work.

Protests against the "Show Cause Order" have been lodged independently by 45 airlines, 47 governments, six regional airline groups in West Europe, the Middle East, the Far East and Africa, and by many aviation trade organisations and interested companies

The CAB, is giving its tentative approval for the IATA restructuring proposals, said it would not decide on the Show Cause Order until next October, whereas IATA and its members had hoped to get rid of it by this spring or early summer. The CAB has demonstrated that, despite its begrudging approval of the restructuring, it still does not approve of the association.

S. Koreans win $366m Saudi order

By James Buchan in Jeddah

THE SOUTH Korean construction industry, which last summer picked up nearly $2bn in housing contracts in Saudi Arabia, has won orders for another $336m (Saudi Riyals 23bn) of housing under a contract signed in Riyadh on Monday night.

Hanyang of South Korea has been commissioned by the Saudi Health Ministry to build worker's residential quarters at public hospitals in Jeddah, Al-Khobar, Medina, Hofuf and Jizan.

The scheme, which is to be completed within 24 months, calls for 192 villas and 369 flats for foreign workers at the hospitals.

The contract, which was apparently won in competitive bidding, is considerably more expensive than last summer's awards to Korean companies by the Ministry of Public Works and Housing but includes related civil works and such services as mosques, shopping centres, recreation parks and car parks.

Arab boycott lifted

W. Seymour Plant Sale and Hire of Hampshire has been notified by the Central Office for the Boycott of Israel that it has been removed from the boycott list and is now free to resume trade with all Arab countries.

INDIAN IMPORT LIBERALISATION

Industry welcomes policy

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government's liberalisation of its import policy last week has been welcomed by trade and industry representatives and economists who describe it as a "shot in the arm" for the economy. The policy further liberalises the freer import measures announced last year.

The new policy provides for broader-based duty exemption through advanced licences. The Government feels it will strengthen its hand in seeking similar relaxation of import controls by Western countries in the negotiations at UNCTAD and other world forums.

Exports of equipment for projects abroad feature prominently in the policy for the first time. Equipment used in foreign countries can now be imported into India after completion of the project. Guidelines have been framed for disposal or import of other items used at project sites.

The policy has been further liberalised despite India's rising import bill which is expected to lead to a trade gap of more than Rs 10bn (£700m) in 1978-1979. The gap is not causing concern because India's foreign exchange reserves are still rising, mainly the result of the contribution made by invisibles, especially remittances from Indians working in the Middle East and elsewhere.

Under the policy, jigs, fixtures, moulds and press tools have been put on the "open general licence" because they are considered "essential adjuncts to manufacturing assets." A new provision permits each recognised export house to import spares for rendering after-sales service.

More importantly, the provision made last year for 14 kinds of capital goods to be allowed

> The policy, which further liberalises the import measures announced last year, has been described by economists as a "shot in the arm" for the Indian economy.

to be imported on the basis of global tenders has slightly modified. The scheme will continue but it has been decided to introduce suitable safeguards to protect the interests of indigenous manufactures.

The policy for samples has been considerably liberalised. In the case of registered exporters, the value limit up to which samples can be imported has been raised from Rs 10,000 to Rs 50,000. Similarly, the value of samples which manufacturers-exporters can import by post or air freight without a licence has been raised from Rs 500 to Rs 5,000.

Items placed on the open general licence include drugs and medicines provided for clinical tests; trade samples of pharmaceuticals; animal and poultry vaccine; and technical and trade samples of insecticides.

Companies which have won project export orders can now apply for import of requisite raw materials, components, consumable items and capital goods.

For the first time, photographic studios are being allowed to import modern cameras although certain conditions have been imposed.

The existing policy will continue for established export houses until the Government receives the final report of a committee appointed to study their needs. The committee was appointed last year and its report is expected within a few months.

The system of granting automatic and supplementary licences to actual users for import of raw materials, components and spares will continue. However, the 10 per cent increase over actual consumption of imported materials which was automatically allowed to all actual users will now be available to small scale industries or those which export at least 5 per cent of their production.

Warning on E. European chemicals

By Charles Batchelor in Amsterdam

CHEMICAL COMPANIES within the EEC must force importers from East European countries to set more realistic prices for their products, the Dutch chemicals group, DSM, said yesterday.

But the failure to agree to capacity cuts proposed by chemical fibre manufacturers means prospects for Community action on dumping and "buy-back" deals are not encouraging, DSM deputy chairman, Mr. Leonard Kretzers, said.

Discussions are now being held between the Brussels Commission and the producers working through CEFIC—the European Council of Chemical Manufacturers' Federations.

Controls on dumping are hampered by the difficulty of establishing what prices are charged within the East bloc countries themselves, he said.

For a case of dumping to be proved, the EEC must establish that the prices are significantly below those charged on the home market. Moreover, the volumes of imports had probably been too small for a charge of dumping to stick, he added.

The problem of buy-back deals is also largely a result of German, British and to a lesser extent French willingness to agree to this type of contract.

Iran's imports fall 45% as trade fails to pick up

BY ANDREW WHITLEY IN TEHRAN

IRANIAN IMPORTS in the first month of the Iranian year, to April 20, were nearly 45 per cent down on the same period last year. Traditional non-oil exports, such as carpets and agricultural produce, are also significantly down.

Meanwhile, all cargo handling at the country's biggest commercial port, Khorramshahr at the head of the Gulf, has been halted for the past five days by a stevedores' strike, in support of a pay rise and greater security of employment.

Statistics published yesterday showed imports of 729,000 tons last month, the bulk of which consisted of foodgrains, machinery and spare parts and pharmaceuticals. This was at a time when trade should have recovered from the effects of the February revolution, and compared with over 1.3m tons in 1978, when imports were already declining from their peak.

Carpet exports resumed on a limited scale in March; but cotton, in the past the largest foreign exchange earner after oil, is still only meeting local demand. Among other usual exports, fruit and nut crops are reported to have been badly bit by the winter weather and lack of attention during the revolution.

At Khorramshahr, over 800 employees of the bankrupt Iran Terminal company, a locally owned concern which has the contract to handle all cargo at the port, stopped work last Thursday. Shipping officials said they expected the action to be ended soon in favour of the workers, who are likely to be taken onto the Government payroll.

The low ebb in Iran's foreign trade has limited the effects of the strike. Shipping officials report that there was even a vacant berth recently at Khorramshahr for the first time since the sharp increase in the country's foreign trade levels in 1974. In 1976 queues of up to a hundred vessels used to wait for as long as six months for their turn to unload.

International transport to and from Iran by road is also threatened by industrial action from unemployed truck drivers. At a meeting in Tehran at the end of last week some 2,000 truck drivers demanded that all goods entering the country at the land frontiers with Turkey and the Soviet Union should be transferred to Iranian trucks.

They also asked for the expulsion of the many truck drivers from other Asian countries, such as South Korea and the Philippines, brought to Iran at the height of the labour shortage three years ago.

Leslie Colitt adds from Berlin: The West German construction industry is being urged to seek new markets outside the Middle East as the building boom has ended in Iran and some other oil-rich countries of the region.

Dr. Guenther Herion, the president of the German Construction Industry Federation, told the federation general meeting in West Berlin that the industry should "systematically reactivate old areas of activity" and be on the look out for new ones. He suggested Latin America, Africa, the U.S., Canada, East Europe and China.

Mitsui seeks government aid for ethylene project

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MITSUI AND CO. hopes to resume work early in July on the Bandar Shahpur petrochemical complex in southern Iran after hopefully obtaining the agreement of the Japanese and Iranian Governments to a new financial package which will look after substantially increased construction costs.

Work at Bandar Shahpur was suspended completely at the end of March and the only people on tha site at present are understood to the Iranian security guards. Mitsui says it would need to despatch nearly 6,000 Japanese construction and technical staff to Iran in order to carry out remaining work on the 80 per cent completed complex.

The Bandar Shahpur complex, which will produce 300,000 tons of ethylene per year from natural gas, was originally expected to cost Y550bn (£1.3bn).

The cost has now been revised upwards to Y690bn (Y40bn more than seemed likely at the end of 1978 when it first became clear that there would be cost overruns on the project). A large part of the additional cost is the result of increased interest liabilities which in turn are due to delays in completion of the project.

Mitsui's basic refinancing plan envisages the Japanese Government to providing an additional Y50bn worth of financing for Iran Chemical Development (ICDC), the Japanese partner in Bandar Shahpur while the Iranian government channels another Y50bn into tha Iranian National Petrochemical Company (which owns the 50 per cent Iranian stake in Bandar Shahpur).

Iran would then be expected to borrow another Y40bn to cover the costs of construction delays incurred during the past three months, with Japan's Export-Import Bank as the most probable source of funds.

As a prelude to requesting Japanese Government financing for the ICDC, Mitsui plans to broaden the existing ownership of the company, beyond the Mitsui group itself which at present controls most of the shares.

The plan is to offer Y5bn worth of additional ICDC shares to 72 Japanese companies selected from about 800 which have been involved with the project in one way or another.

Following the changes in ownership of the ICDC Bandar Shahpur would be classified as a "national project", eligible for support, either in the form of loans or equity participation, by the Overseas Economic Cooperation Fund, a Government soft loan agency.

Japan and China agree development loan terms

BY OUR FAR EAST EDITOR

JAPAN'S Export-Import Bank yesterday signed a "basic memorandum" on the loan to China of Y420bn ($2bn) for the development of coal and oil.

The money will be drawn as and when required by the Bank of China in a number of separate instalments. Basic terms for the loan (or loans—given that each instalment will be covered by a separate loan agreement) will be a 6.25 per cent interest rate and a repayment period of fifteen years.

The interest rate of 6.25 per cent is well below the floor level for long term loans to developing countries specified in the OECD gentleman's agreement. (This specifies a 7.25 per cent interest rate on short and medium term loans and 7.5 per cent on longer term loans). The Ex-Im Bank loan however is untied (i.e. available for the financing of goods purchased from other countries besides Japan) and thus technically falls outside the scope of the OECD agreement. The U.S. Administration, which was at ona stage highly critical of the proposed loan terms, appears to have been satisfied that the untying of the loan is genuine.

The willingness of China to borrow in yen (rather than in dollars, pounds or lira) represents a reversal of the Bank of China's earlier policy, which ruled out "hard currency" borrowing. China appears to have been convinced in recent months that the risks of acquiring overseas liabilities demoninated in yen were less serious than it had at first assumed. One reason for the change could be that yen's performance on foreign exchange markets has been less impressive in the past few months than in the second half of last year, when the Ex-Im Bank first made its offer of a major resource development loan.

The Ex-Im Bank loan will be used by China to develop oil and gas reserves from which shipments will be made to Japan under the terms of the eight-year Long-Term Trade Agreement signed between the two countries in February 1978. This provided for an exchange of $20bn worth of goods (in both directions) with Japan shipping industrial plants and construction equipment in return for Chinese oil and coal.

The Long-Term Trade Agreement made no provision for the financing of the resource development projects needed to enable China to fulfil its side of the agreement. It also left unsettled the question of how China would bridge the payments gap expected to appear during the first four years of the agreement (when Japan's exports will be running ahead of its imports of Chinese raw materials.

IH to equip commune

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

International Harvester has received an order from China to completely equip a large commune near Peking. No value has been put on the order, but it is one of the largest that the corporation has received from China. The company hopes it will open the way for similar opportunities in the future.

The equipment—consisting of 15 different types of machines, including high horsepower tractors, tillage implements, balers, combines, etc.—will be shipped out from the U.S. and assembled in China. IH is providing staff to assist with the assembly and the training of farmers in the use of the equipment.

China is also looking for technological help in develnping its own agricultural equipment industry. Mr. Paul Johnson, a senior sales director of IH in the U.S., says IH is discussing "a variety of forms of co-operation with the Chinese, although they are unlikely to be finalised for some time."

Payment for this particular order is understood to have been arranged through the normal letter of credit facilities, but Mr. Johnson added that "IH is willing to discuss counter trade in some form" with the Chinese.

China has been showing considerable interest in sophisticated agricultural equipment. John Deere, another big American equipment manufacturer, has received a similar ordar to equip a whole commune—this time in north China.

A spokesman for IH in the UK said yesterday that a China trade delegation visited the corporation's Doncaster plant last year, "and it is hoped that future demand will include British made tractors."

Welsh Office may give Tri-ang rescue a second chance

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH OFFICE is having second thoughts about its decision last week to kill an attempt to rescne part of the bankrupt Tri-ang Pedigree toy company, at Merthyr Tydfil, South Wales.

Morris Vulcan, the Midlands toy company which last week had its application for Government aid towards a Tri-ang salvage operation turned down, has now heen asked to submit a revised application.

Morris Vulcan is proposing to establish a joint venture with the Welsh Development Agency to take over the manufacture of some of Tri-ang's still profitable lines in a slimmed-down operation employing about 50 of the original 300 plus workforce.

Last week's rejection was interpreted in trade union and Labour Party circles as evidence of the Conservative Government's bard line approach towards "lame dncks." This was later denied by Mr. Nicholas Edwards, the Secretary of State for Wales, who said he had been expertly advised that the proposed venture was not viable.

However, Morris Vulcan was encouraged to submit a revised application after urgent talks between the company's management and Welsh Office officials. The initial refusal is being blamed on a misunderstanding between the Welsh Office and the WDA; though the revised application—for an interest rate subsidy under Section Seven of the Industry Act—is believed to involve a smaller Government ontlay. A decision on the new application is expected early next month.

Tri-ang has been fighting for survival since before Christmas when Mr. John Morris, the previous Secretary of State, decided to cut off further public aid to the company which first ran into financial difficulties in 1975.

Tbe bulk of Tri-ang's assets are due to be auctioned at a Cardiff botel today hy the receiver-manager, a move which is expected to attract a mass picket by former employees who have been fighting to retain Tri-ang's operations, and other trade unionists. Bnt macbinery and other items essential for tbe proposed WDA-Morris Vulcan venture are evidently being held back pending the outcome of the revised application.

The decline of the fish finger

FISH FINGERS are declining in quality. A report says that when they came on the market 17 years ago they were between 66 per cent and 92 per cent fish, but samples taken this year had a fish content of only 48 to 63 per cent.

Some "cod in batter" contained only 37 per cent fish said Mr. Jack Brudene, chief officer, trading standards, to Humberside County Council.

Products with a fish content of less than 50 per cent were in breach of the law and action was being taken in some cases be said.

Mr. Douglas Sonthwick, Hnll's public protection committee chairman, said it was intended to seek the industry's co-operation in prodncing an agreement which would make legislation on food content standards unnecessary.

● Catering turnover in Britain in the first quarter of this year, at current prices and after seasonal adjustment, was 2 per cent higher than in the final quarter of 1978, according to Department of Trade statistics.

Compared with the first quarter of 1978, catering turnover in the first quarter of 1979 rose by 10 per cent overall.

Garages limit petrol sales as stocks fall

BY SUE CAMERON

GARAGES IN the UK are now heing forced to close early or limit their sales of petrol as the cut in oil supplies begins to take effect.

But yesterday the major oil companies stressed that there was enough petrol to go round, although motorists would sometimes have to go a little further to find it.

They paid tribute to drivers for not panicking at the pumps and added that in Britain—unlike California—there were no long queues outside petrol stations.

The petrol retailing section of the Motor Agents Association said that the North-East seemad to have been hardest hit by the the cuts in petrol supplies.

Concentrated

Most of tha 450 petrol stations supplied by Imperial Chemical Industries are concentrated in the North-East—ICI bas only a 2 per cent sbare of the market nationally—and the group bas cut its petrol supplies by 20 per cent compared with the levels this time last year.

Petrol supplies from Burmah are also 20 per cent down on last year but Burmah, like ICI, has only a small share of the national market.

The major oil companies bave not been affected to the same extent. Esso and Shell are supplying tbe same amount as last year but no extra. Shell and Esso are the two market leaders in petrol with 5,400 and 5,900 petrol stations in the UK.

The petrol retailing section of the Motor Agents Association said petrol demand in Britain was 3 per cent up on last year in spite of the barsh and protracted winter. The position was "patchy" throughout the country with some garages being badly hit by the reduction in supplies, some remaining totally unaffected and the majority being marginally affected.

It added that smaller petrol stations tended to be the ones having the most difficulty in obtaining supplies and garages in country areas were most likely to shut early or close on Sundays.

There had also beeo reports of some garages limiting sales to £3 worth of petrol, hut this was probably "all that most motorists need."

The petrol retailing section stressed that although there was no crisis over petrol supplies the world shortage of oil was "not going to go away." The present situation, with some garages adjusting their opening bours or limiting sales, would continue at least until the end of the year.

Shortfall

Esso said the general shortfall on petrol supplies compared with last year was "containable providing the panic button is not pressed."

Its own retail ontlets knew bow much petrol they would receive each month and some were adjusting their opening hours to ensure an even distribution of sales—they did not want to be forced to close for several days together at the end of each month.

But Esso added that supplies of domestic heating oil were certain to present a problem next winter and there was "no hiding from this."

Ex-Chrysler chief to head DeLorean

BY DAVID FREUD

THE U.S.-BASED DeLorean Motor Company, which is building a sports car factory in West Belfast to supply the U.S. market, has named Mr. Eugene A. Cafiero as its president and chief executive.

Mr. Eugene A. Cafiero, was president of Chrysler Corporation until November, wheo Mr. Lee Tococca, deposed president of Ford Motor, took over as Chrysler president. He left Chrysler four months later, in March.

Mr. John DeLorean, cbairman of the sports car company, said the appointment ended a six-month search for a chief executive.

"When I learned that be had left Cbrysler, I knew he was the right man for us," be said yesterday. "I picked up the pbone and called him."

Last summer DeLorean, based in New York, announced tbat it would build a sports car factory at Twinbrook industrial estate, Dunmurry, West Belfast.

The announcement came after fierce competition for the project between the Ulster Department of Commerce and officials in Puerto Rico and the Irisb Republic. State backing for the £65m project is estimated to amount to about £45m in grants and loans.

The factory, which is due to start preliminary operations at tbe end of the year, is expected to provide 3,400 johs by 1985 in an area close to the Roman Catholic housing estates, where unemployment sometimes approches a rate of 50 per cent.

Mr. DeLorean is a former executive of General Motors. He resigned as chief of North American car and truck operations in 1973 in order, be now says, to build a "dream car" whicb combined social responsibility with speed and glamour.

The DeLorean company was set up in 1975 and is staffed mainly by former GM men. Tbe car, tbe DeLorean DMC-12, has a plastic body and outer surfaces of stainless steel. Final production engineering is now being completed at tbe Lotus company in Norwich.

Powerful

The appointment of Mr. Cafiero gives the company a powerful executive line-up. His experience, energy and ability to work in a creative management environment made him the perfect person for the company, said Mr. DeLorean.

Mr. Cafiero, who is now visiting the partially built factory in Dunmurry, said be was "excited" at the challenge of forming a new company and that tbe decision to accept the offer was an easy one.

Ladbroke to buy London hotel lease for £11.25m

BY ANDREW TAYLOR AND JAMES BARTHOLOMOW

LADBROKE GROUP, the leisure conglomerate has found a flagship for its fast expanding hotel empire. The group is to pay £11.25m for a 99-year lease on the Westmoreland Hotel next to Lord's cricket gronnd and Regents Park in London.

The group bad previously declined to expand its botel interests in the capital because of the high prices being asked for botels in the hest areas of central London.

Ladbroke has been facing ohjections to the renewal of licences of four of its top casinos in London, and the problem is now spreading to the provinces. The Playboy Club will today object to the licence renewal of the Ladbroke Sporting Club in Oxford Street, Manchester. Ladbroke's casinos generate a large slice of its profits.

Expansion

The expansion of the group's hotel interests over the last two years—during which time it has increased its hotel chain from four to 31—has been seen as a move to reduce its dependence on gamhling profits.

In the last 12 months the group bas spent about £20m on hotel acquisitions, including the Myddleton and Mercury Motor Inn chains, but development bas been confined to the provinces.

Other hotel groups have also had great difficulty in finding properties at the right price in the hest areas of London. Brent Walker, the leisure and property group last month announced an £11½m deal to turn the former Debenham and Freebody department store into a five-star hotel—because it bad been unable to buy an existing botel at a realistic price.

Mr. John Jarvis, chairman and managing director of Ladbroke's wholly owned botel and holiday suhsidiary said that the 350-room Westmoreland Hotel built in 1976 and managed by Grand Metropolitan, the brewing and leisure concern, will become the "flagship" of Ladhroke's hotel division.

The group will acquire its lease from Leehall Investments when Grand Metropolitan's management contract expires in November. Ladbroke also has the option for a further 50-year lease when the current lease expires.

Last year the Westmoreland made pre-tax profits of just over £1m ahead of management fees. This year profits are running at ahout £1.5m Ladbroke says.

The group already has one other botel in central London, the Ladbroke Belgravia, developed in 1976.

The hearing of Ladbroke's application to renew its Park Tower Casino licence in Knightsbridge, London, has been adjourned until after the hearings on Ladbroke's three other London licence renewal applications.

Bleak review of electronics industry

BY JOHN LLOYD

A DECLINE in profitahility and market sbare, and an increasing vulnerability to imports, is forecast in a very bleak review of the UK electronics industry by consultants Larsen Sweeney.

The report, The Electrooics Industry in the UK to 1985, claims tbat "The British electronics industry is falling behind its European, North American and Far Eastern competitors at an alarming rate. Indeed, Britisb electronics are now even falling bebind the electronics industries of many of the developing nations, eg Brazil, in some sectors."

A number of factors are highlighted for special concern:

● Research and development budgets—the key to future product competitiveness—are mnch lower in the UK than elsewbere.

● UK electronic production is expected to grow, on average, by around 3.4 per cent a year, much lower than the growth in market consumption, "and thus by implication the growth of imports."

● Profitability among UK electronic manufacturers has been relatively low, averaging around 10 per cent. "In most years, profits as a percentage of sales have not exceeded the prevailing rate of inflation."

● Productivity is among the lowest in the advanced economies, ranging between £10,000-£13,000 sales per employee a year. This compares with £20,000-£40,000 in West Germany, £20,000-£50,000 in France, £12,000-£20,000 in Italy, £20,000-£30,000 in Sweden and £15,000-£50,000 in the U.S.

● Capital employed per employee "is the lowest of any major electronic producing country and currently in the range £3,000-£6,000 capital per employee."

● Average annual growth in all UK electronic market sectors is expected to be more than 8 per cent between 1979 and 1985. However, only in the communications sector will domestic production exceed domestic consumption: trade deficits in all other sectors are thus expected to grow.

● Employment in the electronics industry, falling since 1974, now standa at between 340,000 and 350,000. It is forecast to decline to under 330,000 by 1985.

The Electronics Industry in the UK to 1985; Larsen Sweeney Associates, P.O. Box 36, Moidstone, Kent ME14 5QE; price £395.00.

TV production 'must rise to counter imports'

BY MAX WILKINSON

RADIO AND television manufacturers must increase productivity to match foreign competitors' imports, Lord Thorneycroft, president of the industry's trade association, said yesterday.

Addressing the annual general meeting of the Britisb Radio Equipment Manufacturers' Association, he said: "I suppose if you bad to sum up our problem, we don't differ from most other industries in the UK.

"Our productivity is on the whole below that of our principal competitors in other parts of the world, and no other thing that we do is going to help us very mnch unless we can get our prodnctivity up to the level of our principal competitors. There is no slick answer that somebow ducks that solution."

However, Lord Thorneycroft said, the prohlems of Britain were not so great as to deter foreign companies from investing in manufacturing plant in this country.

Price war hits CWS profits

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE HIGH STREET price war and the effects of the severe winter weather and industrial unrest resulted in a 20 per cent profits fall for the Co-Operative Wholesale Society.

The accounts, published yesterday, show that profits from trading activities fell from £21.3m to £16.9m in spite of a 7.5 per cent sales gain to £1.5bn.

The main cause of the slump in profits was the fierce competition among supermarket multiples which has hit all food manufacturers in the past year and profits from the CWS's food division fell from £19m to £13m.

This, however, is mitigated by the fact that the CWS was intentionally keeping its prices low—and thus reducing profit margins—to help retail co-operative societies to keep competitive on prices. Under the co-operative structure, it is the retail societies which own the CWS. There is no need for the CWS to make higher profits at the expense of the retail operators.

Sir Arthur Sugden, CWS chief executive, said yesterday that there was now "little or no room for further trimming of margins at manufacturing and distribution levels to help further reduce prices." He pointed out that profit margins had shrunk and in some cases disappeared completely in the food manufacturing sector.

The effect of this restriction on margins, he forecast, would be that consumers would find less choice in non-food stores generally as retailers cut stocks and there would be more "first-choice brands" out of stock.

The industrial unrest of last winter, which affected production and supply, played a major part in cutting profits. Even though the CWS had a high degree of self-sufficiency in transport and supply of raw materials and packaging, "the cost to our business will certainly run into seven figures and the bills are still coming in."

A number of the CWS's overseas food manufacturing operations had also produced less profits, Sir Arthur said.

However, the CWS's non-food side—which supplies a wide range of goods from electrical items to coffins—recorded a sales rise of 16.6 per cent to reach £265m. The housewares group, for example, reported a volume sales gain of over 10 per cent.

Capital spending by the CWS increased from £23m in 1977 to nearly £25m last year. New authorisations for spending during the past year included nearly £11m for the redevelopment of the Shieldhall industrial estate near Glasgow, £4m for retail branches in Scotland, and almost £1m to extend a regional distribution centre at Longridge, Lancashire.

Inflation data vital to win SE award

By Michael Lafferty

COMPANIES will have to include inflation accounting data in annual reports in future if they are to have any chance of winning The Accountant-Stock Exchange award.

Mr. Michael Wheeler, QC, chairman of the judges' panel, said yesterday that any company ignoring inflation accounting was "unlikely to be in the front-runners." He was speaking at a ceremony in the Mansion House where the 1979 awards were presented to Pearson Longman and Record Ridgway.

Middle management salaries squeezed

BY JASON CRISP

MIDDLE MANAGEMENT suffered a market squeeze in earnings last year compared with groups both above and below in the company heirarchy. While top management and weekly earners saw pay increases of about 15 per cent last year, average middle management salaries rose only between 6 and 8 per cent.

Overall, managers' earnings rose by 9.9 per cent compared with an increase in average salaries in the country of 13.5 per cent, according to the British Institute of Management's National Management Salary Survey, 1979, published yesterday.

Over the years, the disparity between top and middle management is not quite so marked. Gross salaries for directors for 1977 and 1978 rose 28.7 per cent while those for supporting management rose 26.7 per cent, says the institute.

Some of the most marked increases shown in the survey were gained by managers in small companies where salaries rose by as much as 30 to 50 per cent, although their earnings were still below those in larger companies.

The survey, of more than 27,000 individuals in 361 companies, shows a marked increase in the use of bonus payment as part of managers' remuneration. In last year's survey 35.3 per cent received bonus payment — which rose sharply to 52.4 per cent this year. The most common bonus (63.3 per cent) was related to company performance, while 15.1 per cent was related to personal performance. The remainder were fixed bonus payments.

The growth in bonus payment comes from those being paid to supporting management — especially among the larger companies, notes the survey.

Fringe benefits continued to grow in 1978. The company car is now almost universal at director level (96 per cent) and has increased sharply for supporting managers, 45 per cent of whom have sole use of a company car compared with 36.6 per cent last year.

More than one in five companies reported recruitment difficulties and almost all said it was because they could not offer competitive salaries without distorting internal relationships. One in eight companies reported difficulties in retaining staff.

Mr. Leslie Tolley, the institute's chairman, called on Sir Geoffrey Howe, the Chancellor, to cut the basic rate of tax to 30 per cent.

BIM National Management Salary Survey, 1979, is available from Remuneration Economics, 51 Portland Road, Kingston-upon-Thames, Surrey KT1 2SH. Price £80 to BIM members, £110 to non-members. (Reduced for participating companies.)

COMPARISON OF GROSS AND NET SALARIES 1978/79
1979

Responsibility	Actual average gross salary	Estimated average net salary	Whole sample % change on 1978 Gross	Net
Chief executive	25,833	12,873	+13.5	+15.8
Deputy chief executive	23,736	12,401	+12.7	+15.3
Other directors	18,503	10,960	+15.4	+16.7
Senior heads of function	14,053	9,360	+14.9	+16.4
Other heads of function	11,810	8,331	+15.3	+16.8
Senior management I	10,044	7,339	+ 8.0	+10.5
Senior management II	9,083	6,717	+ 8.0	+ 9.6
Middle management I	8,039	6,019	+ 6.1	+ 7.2
Middle management II	6,532	5,009	+ 5.7	+ 6.6

Energy options save money

BRITAIN could save money and create jobs by dropping her nuclear expansion programme in favour of alternative energy methods and domestic conservation systems, Dr. David Elliott, an Open University lecturer, said yesterday.

Dr. Elliot was presenting the conclusions of a research project carried out over the past six months.

He said that by the end of the century, a non-nuclear investment programme—based on insulation, combined heat and power, heat pumps and exploitation of wind, wave, solar and tidal energy—would produce about as much energy as the proposed nuclear programme while costing far less and creating at least 1m more job-years.

Energy Options and Employment, published by Centre for Alternative Industrial and Technological Systems; North East London Polytechnic, Longbridge Road, Dagenham, Essex.

Equities top pension fund investments

By Eric Short

EQUITIES are setting the pace this year for pension fund investment, shows the latest survey by Harris Graham and Partners, a leading firm of pension consultants.

Over the first three months, equity funds rose by 16.2 per cent on average. The top fund, G.T. Pension Exempt, managed by G.T. Unit Managers, a privately controlled investment management company, showed a rise of 46 per cent over the period.

However, most equity funds failed to match the rise in the FT-All Share Index which rose by 22.5 per cent over the first quarter.

Fixed-interest funds are also showing strong growth this year with an average rise of 10.7 per cent over the first quarter, compared with an 11.3 per cent increase in the FT-A All Stocks Gilt index. The King and Shaxson Bond heads the list with a 16.6 per cent improvement.

Property funds, in contrast, show a much less spectacular growth with an average rise of 4 per cent. However, this investment sector has shown considerable stability with steady growth in values over long periods.

On the mixed funds, where the financial institution decides on the proportions of each separate investment media, the increase was an average 15.6 per cent.

But the managers have shown a remarkable consistency, with the top fund (NPB-managed) having a rise of 19.7 per cent, while the bottom fund showed an increase of 10.3 per cent.

Pension Fund Performance
1st Quarter, 1979

EQUITY FUNDS	Change %
Top	+46.0
Average	+16.2
Bottom	— 9.0
FT-A All Share	+22.5
FIXED INTEREST FUNDS	Change %
Top	+16.6
Average	+10.7
Bottom	+ 5.9
FT-A All Stocks-Gilts	+11.3
PROPERTY FUNDS	Change %
Top	+16.7
Average	+ 4.0
Bottom	0
MIXED FUNDS	Change %
Top	+19.7
Average	+15.6
Bottom	+10.3

Appeal Court rules against Jeyes group

THE JEYES disinfectant group, which paid £111,000 to commercial customers over the effects of a food-tainting chemical in one of its products, is not entitled to recover the money from the suppliers, three Appeal Court judges ruled yesterday.

The court set aside a £135,430 High Court award of damages and interest won by Jeyes in November 1977 against Coalite and Chemical Products, of Chesterfield, Derbyshire.

Jeyes were said to have been flooded with customer complaints after they introduced a Coalite chemical — known as 6 COC—into Jeypine disinfectant as a substitute for the "aromatising" ingredieot, which was in short supply.

Although there was no danger to health, Jeyes had to destroy all stocks containing the chemical.

Lord Justice Megaw said Jeyes claimed that Coalite had represented that the chemical was suitable for the disinfectant.

The judge said there was no evidence to support this. Coalite had suggested the exact contrary, but Jeyes still insisted on placing the order.

Line restarts

MANX LINE, whose RO-RO service between Heysham and Douglas, Isle of Man, was suspended after a storm seriously damaged the Douglas terminal, is to start a restricted operation on May 19. It expects to be working normally two weeks later.

Construction hit by public spending cuts says Laing chief

BY ANDREW TAYLOR

INSUFFICIENT resources are being made available to the construction industry to maintain roads, sewers and other vital services for British industry, Sir Maurice Laing, president of the Federation of Civil Engineering Contractors, said last night.

Sir Maurice, chairman of the John Laing construction group, speaking at the Federation's diamond jubilee dinner blamed public spending cuts for the poor state of the construction industry in this country.

He said: "We cannot rejuvenate British industry with failing sewers and inadequate roads—let alone inadequacies in other infrastructure requirements."

He accepted the need for public spending cuts to reduce taxation but cuts should be made from revenue rather than capital expenditure "and particularly not the infrastructure sector." In recent years the construction industry had suffered from the most severe cuts. The country was now spending markedly less on construction than any of its main industrial rivals.

Civil engineering had been particularly badly hit. The volume of civil engineering contracts last year was less than half those of the peak year of 1973/74. There had been a "particular dearth" of major contracts.

Sir Maurice said that as a result the country's infrastructure had failed to keep pace with requirements and was deteriorating.

He added that the construction industry had added more than £750m to the balance of payments last year. But a successful export business relied on having a successful home market from which to spring. The industry must be "nurtured and strengthened, rather than crippled and maimed as it has been in the recent past."

Isle of Man direct tax cut in budget

By Our Own Correspondent

A REDUCTION of the income tax rate to 20.5p from 21p, and a 15 per cent increase in personal allowances were the main features of the Isle of Man budget presented to Tynwald yesterday by Mr. Percy Radcliffe, the island's Chancellor.

At the same time, he announced a 15 per cent increase in the earned income relief and a 25 per cent improvement in the age allowance.

His revenue survey showed that £20.5m was expected from income tax and £20m from indirect taxes. He expected the economy to expand and yield increased revenue from direct taxation at low rates.

Statistics showed a continued growth in the island's financial sector. This growth, said Mr. Radcliffe, allowed improvements to be made in the services provided by the Government. But he warned that the Isle of Man faced formidable competition from other low-tax areas.

Mr. Radcliffe said his taxation proposals decreased Manx income by £1.5m in a full year to £43.7m but still left an estimated balance of £1.5m to meet pay claims in the pipeline and other contingencies.

On Government borrowing Mr Radcliffe said it was policy to restrict this to the amount of re-lending. As a result external borrowing now stood at £20.2m while lending stood at £24.2m.

UK spares 'available for most import cars'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GARAGE OWNERS can obtain British-made components to fit most imported cars, trucks and tractors according to a £200,000 campaign by a group of UK component manufacturers.

Four thousand independent garages will be contacted during the campaign by the British Automotive Parts Promotion Council (BAPPCO).

The council says that independents which continue to service only British vehicles will start to run out of business in the mid-1980s because of the high level of car imports.

It is estimated that about seven out of ten replacement parts for imported cars are supplied by franchised dealers in the UK or up to three times the proportion for cars made in Britain.

Mr. Monty Cood, joint managing director of Ferodo and chairman of BAPPCO, said: "One of the jobs we have to do is to destroy the mystique which surrounds the servicing of imported vehicles. In most cases servicing is simple and well within the capability the independent, non-franchi garage.

"And we must also put ove the message that the independent garage can get suitable British-made parts for imported vehicles through its normal supply channels."

At the end of this year the 10 companies which are contributing equally to the campaign will assess results before deciding whether to tackle the rest of the independent garages and how they should go about it.

The companies are: Armstrong Patents; Associated Engineering; Automotive Products; Don International; Ferodo; GKN; Mintex; Smiths Industries; TI Silencers and Woodhead Manufacturing.

Crayford to step up high security car production

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CRAYFORD ENGINEERING, one of Europe's few remaining specialised coachbuilders, is going into full-scale production of cars which it claims can resist close-range attack from 7.62 mm rifles, fragmentation mines, grenades and gas.

The cars are priced at about £75,000 each and Crayford, Westerham, Kent, has the capacity to produce 100 a year. It has 13 on order.

The privately-owned company, is to set up a subsidiary, Crayford Armouring, and will concentrate on the conversion of Mercedes 350 and 450 SEL models which years of prototype development have shown are the most suitable vehicles for bullet and bomb armouring treatment.

Mr. David McMullen, managing director, said Britain was a haven for deposed Heads of State seeking additional protection and this, together with the need to protect our own politicians and diplomats, had created a market for cars of this type.

Crayford claims that modern high-velocity weapons rule out the use of steel because of weight problems, so other materials had been introduced for its cars.

Armoured glass, bullet resistant tyres (capable of carrying the car at 80 mph after being penetrated by a bullet), radar sensors, built-in attack location computers and explosion-proof fuel tanks are included for the price along with other devices which Crayford will not talk about for security reasons.

The "High Security Limousines" can also be hired, at £3,000 a day including the services of a fully trained body-guard-driver.

the motions signal a victory ... member of NATO ... But it called for Holland ... York, N.Y. and at additional ... centres.

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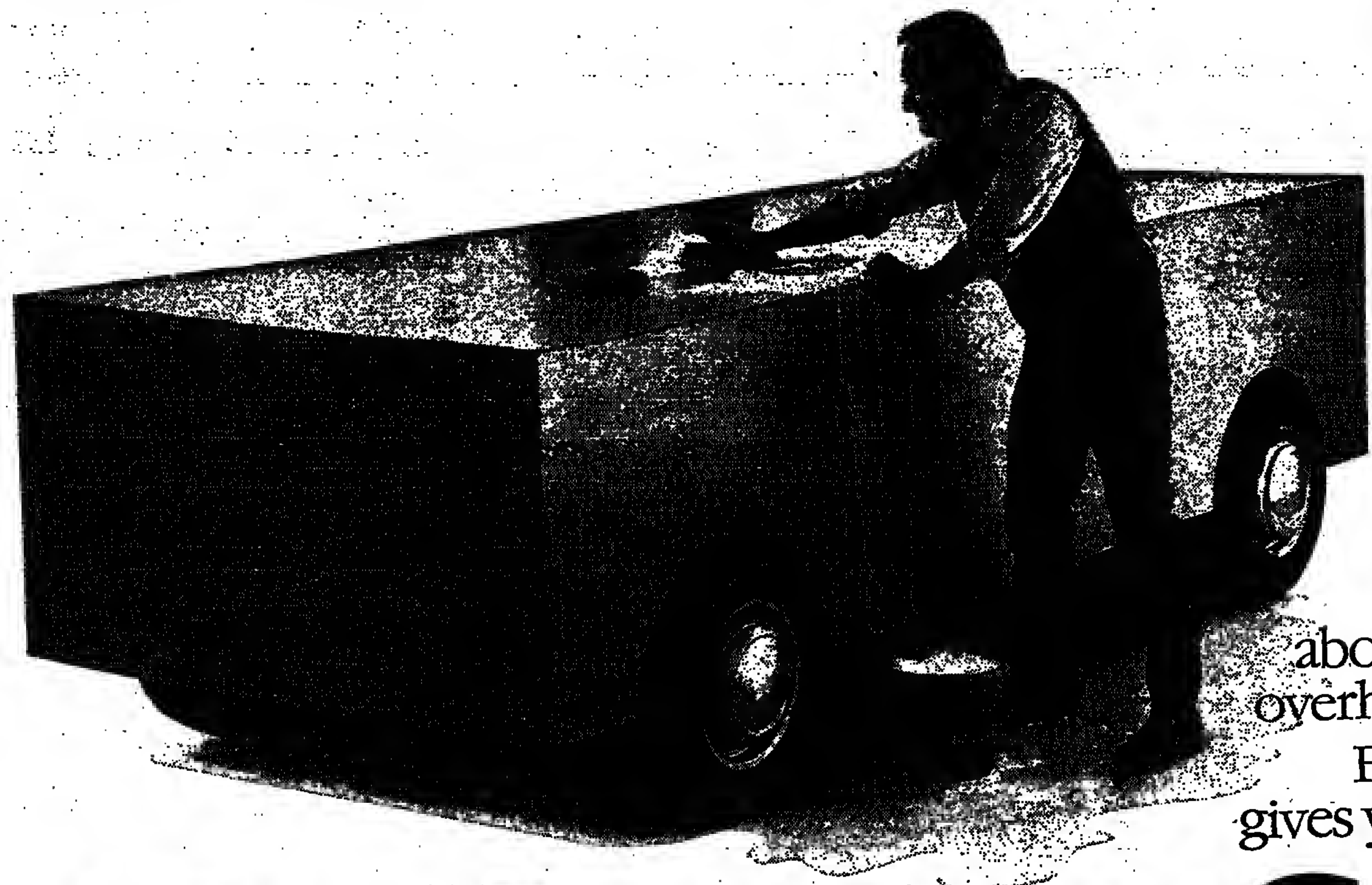


THE AVERAGE CAR COMPARED WITH THE PRINCESS.

There's nothing average about the new 1700cc and 2000cc overhead cam engines, either.

Even the powerful 2 litre engine gives you a better than average petrol consumption of 27·2 m.p.g. in stop-start town motoring.

Will all cars this big give you such a comfortable ride? Not a bit of it.

To quote 'Motor' magazine, the Princess has "a ride that overall is comfortably better than average."*

Side by side with the average car, the Princess gets you off to a flying start, even before you get into first gear.

There's absolutely nothing average about the aerodynamic shape.

Inside, there's room for a bigger than average family.

And no need for the usual knees-up routine in the back.

There's more legroom than average, both front and rear.

With comfortable seats of armchair proportions and a choice of 240 driving positions.

Likewise, your luggage travels more comfortably in a Princess. The boot has more usable space than average: 12·6 cu. ft†

But for all its size, we have to admit that the Princess does fall considerably below average in one respect.

Its price.

The Princess range starts at only £3,974. There are five Princess models to choose from.

See your Austin Morris dealer for a test-drive.

The Princess comes in a choice of 11 colours. None of them are grey.

Princess

From Austin Morris. With Supercover.

NOT THE CAR FOR MR. AVERAGE.

Princess range: 1700L £3,974; 1700HL £4,275; 2000HL £4,514; 2200HL £4,880; 2200HLS £5,436. Automatic transmission available on all models, £434 extra. All prices are correct at time of going to press (May 10th) and include front seat belts, Car Tax and VAT at 8%. Delivery and number plates extra. Government official fuel consumption test figures for Princess 2000HL: Simulated Urban Conditions–27.2mpg (10.4L/100km), Constant 56mph (90km/h)–37.7mpg (7.5L/100km), Constant 75mph (120km/h)–27.7mpg (10.2L/100km). †Manufacturer's figure. *Motor Magazine July 15, 1978.

Coal import curbs unwise, EEC advises Britain

BY ROY HODSON

THE European Commission is not prepared to introduced an EEC-wide restriction on shipments of Australian coking coal and has privately told the British Government that any curb on coal imports into Britain would be unwise.

In effect, the Commission has asked the British Government to think again about restricting imports of Australian coal.

After a busy first week at the Department of Industry, Sir Keith Joseph, the Industry Secretary, and his junior ministers have still not considered the Australian coal case. A department official said: "This is one of those matters on which we have to wait and see whether the present administration wishes to apply the ban."

However, it would be surprising if the Conservative Government were to maintain the import restrictions.

One of the last acts of the Labour Government was to institute a licensing system for future imports of the coal into Britain. Mr. Eric Varley, then Industry Secretary, and Mr. Anthony Wedgwood Benn, then Energy Secretary, supported a mining lobby case that the National Coal Board could equally well supply the special coking coal.

The British Steel Corporation signed contracts earlier this year to buy up to 1m tonnes of the Australian coal a year—at prices about £10 a tonne below ruling NCB prices—to meet the special needs of the new 10,000-tonnes-a-day blast furnace which will be let up at Redcar, Teesside, later this summer.

Technological

British Steel claimed its need for the Australian coal was based solely on technological grounds. When coked, the Australian coal has special qualities which are needed to support the heavy ore burden in the big furnace.

The Labour Government, under EEC regulations, had to notify the Brussels Commission that it wanted coal imports restricted.

Now the Commission has decided that such restrictions would not be justified in Community terms. Britain has to decide whether to impose its own curbs. Such restrictions would have to be discussed with the Commission within five days of a national decision being made. The Commission would then have to decide whether a national restriction would be compatible with international law and with the Community's international obligations.

Officials in Brussels are particularly anxious that Britain drops the whole idea of coal import curbs rapidly because they fear it could be quoted against the Community in forthcoming GATT talks.

Unit trust cuts handling costs

BY EAMONN FINGLETON

A NEW administrative system which aims to cut drastically the unit trust business's costs in coping with small investors was launched yesterday by Gartmore Fund Managers.

Under the new system, Gartmore expects to break even on lump sum investments as small as £25. Other unit trust groups have recently been forced by costs to raise their minimum investment levels and a minimum of £200 or more is now typical; many groups set a minimum of £1,000.

Cartmore have stopped sending contract notes and certificates to small investors. Instead, small investments will be grouped in nominee accounts and investors will be issued with passbooks similar to those used by building societies.

Every time an investor buys or sells he will send his passbook to Cartmore for updating. Cartmore will have to pay the postage on returning the passbook—but, at present there are two separate postings, for the contract note and the certificate.

The new procedures will mean a big reduction in registrars' fees, which are normally calculated in proportion to the number of unit holders on the register. Many registrar companies now charge unit trust groups about £1.50 per unit holder each year—equal to the unit trust's total annual management charge on an investment of £400.

The new arrangements have been approved by Gartmore's unit trust trustees, Midland Bank and Coutts.

Mr. Adrian Collins, the Gartmore director who developed the scheme, said: "The attraction for us is that many of the new investors may invest larger amounts with us if they are satisfied with the performance of their initial investments."

Civil servants vote for closed shop

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S LARGEST Civil Service union yesterday instructed its executive to start a campaign for a closed shop in spite of the Government's election pledge that it would not allow one in the non-industrial Civil Service.

The annual conference of the Civil and Public Services Association at Brighton overwhelmingly carried a motion censuring the union's executive for failing to obtain a membership agreement in the service.

Mr. Norman Hall, Department of Health and Social Security, Newcastle Central branch, said that bad the executive given a stronger lead the union would have secured a closed shop well before the Conservatives took office with a policy of direct opposition to a membership agreement.

The union's policy is to press for a closed shop, and Mr. Alistair Graham, deputy general secretary, accepted the censure on the executive. He said that there had been "an unholy alliance" between the major political parties against a closed shop in the service. Mr. James Callaghan, the leader of the Opposition, was firmly opposed to the idea when he was Prime Minister.

Mr. Graham said managements throughout industry were as keen to have a closed shop as many unions. "It is really politicians who should recognise that a closed shop is not the unacceptable face of trade unionism. We would be more democratic, more representative and better organised with a closed shop."

Unions split

The Staff Side of the National Whitley Council, which represents all nine Civil Service unions, last year rejected an offer for a closed shop in the service from the Labour Government. The unions judged the offer's exemption provisions to be so wide as to be tantamount to a rejection of their claim.

The CPSA yesterday rejected by about two to one a Left-wing attempt to pull it out of the Whitley system of pay bargaining, representation and trade union co-operation, spurred on by the splits which developed between the association and the Society of Civil and Public Servants and the other Civil Service unions in their recent pay dispute.

The terms of an emergency motion, on which delegates had not been mandated by their branches, would have led to the withdrawal of the union from national, departmental and local Whitley machinery from this morning.

Mr. Ken Thomas, general secretary, while admitting that there was a serious crisis in Civil Service industrial relations after the pay dispute, and arguing that there would have to be radical changes in the national staff side, swung the conference against the motion. He said to pass it would be "an act of rashness." The motion was rejected by 635 votes to 339.

The strength of feeling in the Civil Service unions against the 60-year-old Whitley system was shown, however, when the union agreed to a recommendation from its executive to press for a thorough reform of the staff side.

If there were no constructive moves towards reform, the conference instructed the executive to withdraw from the staff side, after full consultation with the membership.

Local authority pay study 'progress'

By Pauline Clark, Labour Staff

UNION leaders of 1.1m local authority manual workers yesterday submitted to the Clegg Commission on pay comparability evidence which they said amply supported the winter pay claim for a £60 minimum wage.

Mr. Charles Donnet, national officer in the General and Municipal Workers' Union and leader of the pay negotiations for the group, said last night that both unions and employers had emphasised to the commission the need for a restoration of differentials and improved holidays.

Local authority workers were promised a pay comparability study under a standing commission recently set up under Professor Hugh Clegg of Warwick University as part of the 9 per cent settlement which ended their industrial action earlier this year.

The unions' principal claim is for index-linking to pay levels at two-thirds of the national average. They have also taken into account the commission's obligation to compare local authority workers job for job and skill for skill with workers in private industry.

Job grading

In their evidence, the unions argued that the job grading structure for the group established in 1969 required a major reassessment to bring them into line with structures elsewhere for similar workers.

They also claimed that non-wage benefits which had once put local authority workers at an advantage over their counterparts in private industry had been seriously eroded.

After spending the day giving oral evidence to the commission, Mr. Donnet said that there were some points on which unions and employers had found common ground. But evidence from both sides "also diverged in many respects."

Rolls £7m share in TriStar deal

By Roy Hodson

ROLLS-ROYCE has a £7m share in an order worth more than £35m from LTU, the West German independent airline, for two more Lockheed TriStar Dash 500 long-range airliners. Each TriStar is fitted with three RB-211-524 engines.

The order brings to 283 the total number of TriStars sold to date, of which 212 are firm orders and 71 are options or "second buys."

● Airbus Industrie, the European Airbus manufacturer in which British Aerospace has a 20 per cent stake, has appointed Mr. George Warde as senior vice-president (commercial), and Mr. Adam Brown as vice-president (sales).

Mr. Warde takes the place of Mr. Dan Krook, who is returning to Fokker-VFW in Holland. Mr. Warde has been with Airbus Industrie since 1975, and since 1977 has been president of the group's North American subsidiaries.

Leaked army document part of mail bag haul

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH ARMY secret intelligence document shown by the IRA to the Press last week was taken from one of 14 Post Office bags rifled on a night mail train in the Midlands on January 31. Whitehall sources said yesterday.

Remains of the mail bags were found in the snow beside the line at Didcot, Oxfordshire. The haul included cash and probably industrial diamonds. The train was the 18.38 from Birmingham to Paddington via Reading and Oxford.

Investigators think an IRA sympathiser responsible and that the chances of it happening again are extremely remote. Nevertheless, Mr. Francis Pym, Defence Secretary, has ordered an immediate review of arrangements for sending sensitive material by registered post. The review will consider whether, in future, only low-grade classified material should be despatched in this way.

The document, entitled "Northern Ireland Future Terrorist Trends," was a projection of the Provisional IRA's development over the next five years and an analysis of political options in the province. The thief found an unmarked envelope with another envelope inside, containing the papers, which were marked "secret."

Murray urges joint economic policy by Europe trade unions

BY ALAN PIKE, LABOUR CORRESPONDENT

THE EUROPEAN TUC needs a high-level economic committee to press for major changes in the economic policies of the EEC, Mr. Len Murray, TUC general secretary, said yesterday.

This committee, Mr. Murray told the congress of the European Trade Union Confederation in Munich, would develop and promote a European TUC policy for growth and a reduction in unemployment.

Economic stagnation called into question the whole lack of a European economic policy, he said. Europe had a commercial policy, an agricultural policy, "a little bit of social policy and regional policy," but no coherent economic policy.

If the Community was to have such an economic policy, it must narrow the gaps in levels of prosperity between member-countries. "The aim should be growth coupled with the transfer of resources. To achieve this a major re-examination of the role of the EEC Budget is essential."

Mr. Murray advanced four main principles which, he said, the trade union movement should commend to the EEC Commission, the Council and the Parliament. These were:

● All industrial and employment subsidies be made public to reveal distribution of subsidies between one sector and another and one country and another.

● Rules of competition policy be changed, permitting introduction of subsidies at national level provided these helped bring the economies of countries more into line with each other.

● The Community become more even-handed in distribution of subsidies between various sectors of European industry.

● Thresholds be set on the proportions of the Community Budget that weaker members were required to pay.

"The TUC believes that these four principles can be the basis for the confederation to go to the Commission and press for major changes in the economic policies of the EEC."

£14,000 for Castel Durante dish

SALEROOM

BY ANTONY THORNCROFT

A SOTHEBY'S auction of Continental pottery and porcelain made £174,865 yesterday with a top price of £14,000 (plus 10 per cent buyers premium and the 0.8 per cent VAT) paid by a private collector for a Castel Durante dish of 1532.

A Florentine albarello of the late 15th century went for £11,500; a Meissen Augustus Rex vase and cover for £9,000; and a Meissen group of The Spanish Lovers by Kaendler for £8,000.

At Sotheby's Belgravia, Victorian pictures fetched £300,850. The top price was the £10,500 for a nautical scene by Edward Cooke. It was a record for the artist and way above forecast.

Two pairs of farmyard scenes by Edgar Hunt sold for £9,000 and £8,500, and a still life by Edward Ladell made £7,500. Seaside Games by Charles Hunt was sold for £6,500.

In a sale of manuscript music and letters, Quaritch paid £3,000 for a first edition of *Ulisse all' Isola de Circe*, of 1650, the first opera, apparently, ever produced in Brussels. The same dealer gave £2,800 for the earliest known prompt book of Shakespeare's King Lear, dated 1756.

Drummond acquired around 1,800 playbills of the Theatre Royal, Drury Lane: for £2,400, about three times the forecast, and a collection of 495 signed photographs of film stars of the 1930-50 period made £1,600.

At Christie's South Kensington there was a good price of £5,000 for a needlework picture made in 1600. A French suit of maroon velvet of about 1780, made £2,000 and the Castle Howard Museum gave £480 for a black silk dress worn by Queen Victoria.

At Christie's main saleroom in King Street, a 19th century cylindrical rock crystal cup and cover fetched £4,500, in a sale of miniatures and objects of vertu which totalled £53,632.

An afternoon sale of English Delftware at Sotheby's did well in total £66,365. J. Horne paid £5,500 for a London Delft candlestick of 1660 while Jeckinek and Sampson gave the same sum for a London Delft "dated" dish of 1670. In 1965 Sotheby's sold it for £400.

An important collection of Impressionist pictures, acquired between 1916-29 by the Swiss industrialist Hans Mettler, comes under the hammer at Christie's in an evening sale on July 2.

It is probably the best group of Impressionist pictures from one source to be sold at Christie's.

The most famous picture is La Grande Loge, by Toulouse-Lautrec, which is very well known through the coloured lithograph of the same title. It should sell for around £250,000.

The most costly picture is likely to be a Van Gogh, painted at Arles in 1888, the year in which he is generally regarded to have painted most of his masterpieces. *L'A lée des Alyscamps* is expected to go for about £500,000.

Rail union will fight public sector curbs

MR. TOM JENKINS, leader of the Transport and Salaried Staffs Association, yesterday warned the Prime Minister that his union would not permit two standards of Government pay policy.

He told delegates at the TSSA annual conference in Scarbrough that the Conservative philosophy, as laid down by Mrs. Thatcher, seemed to be that it was acceptable to allow private industry to do as it liked while the public sector was restricted by cash limits.

"Let me spell it out. We will not tolerate the public sector being dealt with differently to the private sector. Our members are never again going to subsidise the provisions of transport in this country."

The union was committed to pursuing equitable settlements that could be seen to be fair and just for all members.

Commenting on the erosion of differentials during the years of the Labour Government's pay policy, he said: "I have to warn you here and now—don't expect all the problems of differentials to be solved in one go."

Mr. Jenkins aimed this at militants who, in a series of 19 amendments attacking the executive-backed pay policy, threatened quick industrial action.

He gained an overwhelming majority for a composite pay policy motion.

ACAS decision on Conoco pay bargaining

THE Advisory Conciliation and Arbitration Service has recommended recognition of the Association of Scientific, Technical and Managerial Staffs for bargaining rights on behalf of 200 staff in Conoco oil terminals in Britain.

This follows a reference made by the union to ACAS under Section 11 of the Empolyment Protection Act in June 1977.

The union said that a ballot of terminal staff had shown about 60 per cent in favour of recognition for the union and 40 per cent membership of ASTMS.

CBI names Scotland director

MR. JOHN DAVIDSON, an economist, has been appointed the new Scottish director of the Confederation of British Industry.

He succeeds Mr. Allan Stewart, who was elected Conservative MP for East Renfrewshire in the General Election.

Mr. Davidson, aged 48, is director of the Scottish Federation of Housing Associations and will start work with the CBI in August.

His industrial career began in 1954 with the former North British Locomotive Company in Glasgow. He moved to Singer Sewing Machine, Clydebank, and became head of the organisation and methods department in 1965. In the next 10 years he worked with the Scottish Conservative Central Office and became its director of information and research in 1970. In 1959 and 1964 he stood as a Conservative candidate in two Scottish constituencies.

Plastics raw materials up 30% in six months

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE PRICE of plastics raw materials rose by an average of up to 30 per cent between October 1978 and April this year and further substantial increases are expected during the next few months, according to a survey carried out by the British Plastics Federation and released yesterday.

The survey, based on a study of nearly 50 plastics processing companies, found that raw material prices were expected to go up by between 11 per cent and 14 per cent between April and October this year. But the price of polyester, which rose by 30 per cent between October 1978 and April 1979, is expected to increase by a further 22 per cent by October.

Processors forecast that in the 12-month period ending in October this year, the price of low density polyethylene would have risen by 43 per cent, that of high density polyethylene by 36.8 per cent, polypropylene by 40.1 per cent, polyvinyl chloride by 34.1 per cent, polystyrene by 52.4 per cent and polyesters by 52.3 per cent.

Most plastics processors expect to be able to recover the increases that have already taken place by putting up their selling prices says the survey. The mean increase in selling prices was expected to be 12.2 per cent.

Jobs scheme fears 'not borne out'

BY ROBIN REEVES, WELSH CORRESPONDENT

TRADE UNION fears that the last Government's special employment schemes would be a source of "cheap labour" have not been borne out, according to a survey of trade unionists in Wales and the North-West.

The survey, carried out by the Wales TUC, found that few lay-offs or redundancies have occurred as a result of the Job Creation and Work Experience programmes.

Cutbacks in overtime and normal recruitment were found but this may equally have been due to the economic recession and public expenditure restraint, the survey suggests.

The main trade union criticism centred on the Manpower Services Commission's insistence on flat rate payments to young people in the work experience and youth opportunities programmes. Nearly three-quarters of the trade unionists questioned thought that the pay ment (£20.50 a week) should be negotiated locally to suit local conditions.

A majority also saw a need for early consultation and trade union involvement in the design of schemes in order to win wholehearted shopfloor support.

There was widespread backing for the Government's emphasis on tackling youth unemployment. Only a minority thought that the unemployed deserved equal and unilateral Government assistance and only a minority believed greater priority should be given to men in preference to women.

If the bulk of trade unionists indicated a clear preference for orthodox remedies for creating permanent employment, namely reflation and increasing apprenticeships and training opportunities. But more radical proposals, such as work-sharing, reducing the basic working week, and early retirement, were still preferred to schemes which provided only temporary employment.

Today's Events

GENERAL

UK: Mr. Roy Jenkins, president of the European Commission, is guest speaker at Confederation of British Industry annual dinner, Grosvenor House, W1, 8 pm.

Sir Derek Ezra, chairman of National Coal Board, speaks at Coal Merchants Federation luncheon, Connaught Rooms, Great Queen Street, WC2, 1 pm.

Fire Brigades Union Conference opens, Spa Royal Hotel, Bridlington (until May 18).

General Dental Council Disciplinary Committee in session, 37, Wimpole Street, W1.

Sir Kenneth Cork, Lord Mayor of London, attends luncheon with chairman of the Stock Exchange, EC2.

Police Federation conference continues, Winter Gardens, Blackpool (until May 17).

Civil and Public Service Association conference continues, Conference Centre, Brighton (until May 17).

Overseas: President Tito of Yugoslavia begins two-day talks in Moscow with Mr. Leonid Brezhnev, Soviet leader.

Belgian Minister for Co-operative Development visits Zaire (until May 21).

Japanese commercial banks start issuing certificates of deposit, opening Tokyo CD market.

NATO Defence Ministers meeting continues in Brussels.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours, (April). Monthly index of average earnings (March).

PARLIAMENTARY BUSINESS

House of Commons: Debate on Queen's Speech, health, education and social services.

House of Lords: Debate on Queen's Speech, economic affairs.

COMPANY RESULTS

Final dividend: Trust Union. Interim dividend: Ransome Hoffmann Pollard.

COMPANY MEETINGS

Barton and Sons, Penns Hall Hotel, Walmley, 12.30. Greenbank, Dunkenhalgh Hotel, Clayton-Le-Moors, 12. Hepworth Ceramic, Charing Cross Hotel, WC, 12. Legal and General, 11, Queen Victoria Street, EC, 12.30. Rockware Group, Winchester House, EC, 3. Slough Estates, Savoy Hotel, WC, 2.30. Spirax-Sarco, Queens Hotel, Cheltenham, 12.45. United States Debenture Corporation, Austral House, Basinghall Avenue, EC, 2.45.

RESIDENTIAL PROPERTY

ART GALLERIES

COMPANY NOTICES

CONSOLIDATED COMPANY BULTFONTEIN MINE, LIMITED
GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE, LIMITED
(Both incorporated in the Republic of South Africa)

DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the above-mentioned companies have declared dividends for the half-year ending 30th June, 1979, payable to shareholders registered in the books of the respective companies on 29th June, 1979. The dividends have been declared in the currency of the Republic of South Africa.

[illegible]

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Kimberley and the United Kingdom.

Company	South African Currency Per Share
Consolidated Company Bultfontein Mine, Limited	5 cents
Griqualand West Diamond Mining Company & Dutoitspan Mine, Limited	25 cents

By Order of the Boards
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40, Holborn Viaduct
EC1P 1AJ

Office of United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102
Charter House, Park Street,
Ashford, Kent, TN24 8EQ

15th May, 1979

EUROPEAN INVESTMENT BANK

7¾% 1973/1988 FF 200,000,000 Loan

Notice is hereby given to bondholders of the above loan that a sixth redemption of FF 7,000,000 was effected before May 15, 1979.

Amount outstanding on May 15, 1979: FF 158,000,000.

Luxembourg, May 16, 1979.

THE COUNCIL OF EUROPE RESETTLEMENT FUND FOR NATIONAL REFUGEES AND OVER-POPULATION IN EUROPE
LOAN OF US$20,000,000
6½% 1975-1984

[illegible]

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg,
12th May, 1979.

LOAN OF US$30,000,000
S.N.C.F. 6¼% 67-85

[illegible]

SANQUE DE PARIS ET DES PAYS-BAS
Pour le Grand-Duché de Luxembourg.

BUCKLERSBURY FUND S.A.
Société Anonyme
37 rue Notre Dame, Luxembourg
R.C. Luxembourg B.8360

A dividend of US$0.15 per share is declared payable on or after May 16, 1979, to shareholders of record on April 30, 1979, against surrender coupon No. 8.

Paying Agent,
KREDIETBANK LUXEMBOURGEOISE,
Luxembourg.

THYSSEN AKTIENGESELLSCHAFT

[illegible]

LEUMI INTERNATIONAL INVESTMENTS NV

[illegible]

BANK LEUMI TRUST COMPANY OF NEW YORK,
Principal Paying Agent.

COMPANY NOTICES

EUROPEAN COAL AND STEEL COMMUNITY (ECSC)

[illegible]

SANQUE DE PARIS ET DES PAYS-BAS
Pour le Grand-Duché de Luxembourg.

NOTICE OF REDEMPTION

AGA Aktiebolag 8¼% Bonds due June 15th, 1988

[illegible]

FOR AGA AKTIEBOLAG
By Bank of America International S.A.
Principal Paying Agent.

Letters to the Editor

A reward for saving waste

From Mr. T. Amies.

Sir,—Perhaps Mrs. Thatcher would like to make an immediate start at cutting Government waste by having the M1 motorway lights turned off in day time. So frequently they are a blazing example of inefficiency. Endless miles of lights were burning at 11.30 am on May 13. If, once again we have only Conservative talk about savings then many voters will swing away again in disgust.

Could we not have an open competition to find ways of cutting out Government waste which paid 1 per cent of the savings made to the initiator of the idea—or perhaps to a charity of his choice?

T. J. Amies,
The Old Form,
Great Brickhill,
Buckinghamshire.

Efficiency in universities

From Mr. A. Wyand.

Sir,—I note that Mr. Graham (a Fellow of Balliol) in his letter on inefficiency in HMSO (May 12) refers to "his secretary." Possibly the Primo Minister's adviser on efficiency in government should have a look at the prevalence of secretaries to Fellows and tutors in our universities.

A. B. Wyand,
36 Albert Street,
NW1.

Prudence in management

From Mr. P. Gormley.

Sir,—I refer to Prof. Myddelton's letter of May 12. May I suggest that in all this talk of current cost accounting, current purchasing power, etc., we are tackling inflation accounting the wrong way? These methods of adjusting for inflation merely tinker with a distorted structure, rather than go to the nub of the inflation problem.

Essentially, inflation is a cash phenomenon. It manifests itself in two time scales—the short-term working capital pressure and the longer term problem of fixed asset replacement in an inflationary environment. Therefore our inflation accounting must, if it is to be a valid financial model, reflect these phenomena.

If we consider the short-term working capital problem, it should be possible, with care and a reasonable management accounting system, to quantify the increased working capital requirement by, e.g., price increases on key stock lines, percentage price increases on key sales lines and raw material/labour price increases, to quantify the inflationary increase in creditors.

As to the longer term fixed asset replacement problem, all prudent companies should have a medium term capital spending plan. For a (say) five-year cycle, one-fifth of that projected spend in the next five years becomes the depreciation charge.

May I suggest also that inflation has rendered the concept of profit meaningless. In this case, should we not now emphasise the most factual thing in tho business instead—tho cash generated / absorbed in operations and the amount of that cash that is free for discretionary spending after working capital/fixed asset applications? Incidentally, this concept might also mean more to the financially unsophisticated reader of accounts.

Philip G. Gormley.
Carnanbane, Claudy,
Co. Londonderry.

Nuclear power stations

From Mr. N. Fodor

Sir,—May I correct two of your correspondents (May 14), in their analysis of nuclear power?

J. Sherrill Welsh appears to apply the term "gone critical" to a nuclear accident; it does, in fact, refer to the result of removing tho moderator from around fuel elements so that the chain reaction can begin, heat is generated, resulting in electricity production.

Illnesses to workers and residents around Three Mile Island will become apparent in perhaps 30 years' time, when the increased low-level radiations have had a chance to cause various cancers. And the result of "safer" reactors will be the increased use of technology, and the decrease in tho already low number of permanent jobs in this industry. To put it another way: how many unemployed nuclear physicists leave near Torness? (The site of Britain's proposed next nuclear power station.)

In reply to Norman Jenkins, I can assure him that for many years now the anti-nuclear movement has been proposing what could be viable alternatives to nuclear power. Witness, for example, Dr. Peter Chapman's submission to the Windscale Enquiry.

It is the electricity industry's intransigence in its public image that gives rise to the mass demonstrations against nuclear power that we are now beginning to see, and which are necessarily emotive—just as emotive as, for example, the FDR's pro-nuclear Helmut Schmidt, when he describes anti-nuclear (peaceful) demonstrators as "chaotics."

Neil Fodor.
109, North Street,
St. Andrews, Fife.

Closed shops

From the Chairman, British Legal Association

Sir,—Justinian, who should know better, says in The Week in the Courts (May 14) that the legal profession "operates a kind of closed shop for admission to the profession." A closed shop is defined in the latest edition of Chambers Twentieth Century Dictionary as "an establishment in which only members of a trado union, or of a particular union, will be employed." Thus, however competent and skilled a workman may be he cannot obtain employment in, e.g., a factory operating the closed shop unless he is a member of the recognised union. If a worker employed in a closed shop ceases, for whatever reason, to be a member of the union in question, he loses his job however good a worker he may be.

By contrast: anybody of the requisite character, background and education may become a solicitor if he or she is prepared to undergo the rigorous training and passes the searching examinations. There is no class barrier. Membership of the Law Society is not compulsory. Many practising solicitors do not belong either to the Law Society or BLA.

One is therefore the more sorry to see the canard of the lawyers' alleged closed shop being given currency in your columns.

S. P. Best.
29, Church Road,
Royal Tunbridge Wells, Kent.

An affront to women

From Mr. L. Hill

Sir,—I wonder how many women realise that, due to the present regulations concerning income tax liability, a woman is forced to reveal full details of her investments and investment income to her husband? This includes, of course, dates and prices at which such investments are acquired and, on disposal, the profit/loss made on such investments.

What is the reason? Very simple, because the husband is liable for income tax on investment income, he would also of course be liable at higher rates of tax, where applicable, also investment income surcharge and capital gains.

This situation cannot be overcome by claiming separate assessments, the husband being liable, at all times, for his wife's investment income.

The most pernicious aspect of this ruling, however, is that it causes sizeable overpayments of tax where husband and wife are retirement pensioners having each a modest income from investments. If they could claim, as should be the case, for separate assessments with the wife's investment income being separated from that of her husband and each claiming a single person's "personal allowance," their liability to income tax, jointly and severally, would be materially reduced.

The continuance of such a situation is an affront to women when so much has been and is being done to end the situation where a wife is considered to be a "chattel" of her husband.

Leslie J. Hill.
126, Mitcham Ave.,
Cheam, Surrey.

Allowing for inflation

From Mr. D. Roper

Sir,—The interesting letter from Mr. Joyce (May 11) on the indexation of capital gains tax showed a taxable gain of £200 in his example.

I arrived at the same result with a gains tax of 10 per cent. My suggestion is therefore a gains tax of 10 per cent to all realised net gains, with removal of the present exemptions which means applying the tax to gilts.

I suggest that no one could reasonably object to the biblical tithe being introduced: my guess is that the amount of the tax would be greater than that collected at present.

D. H. Roper.
Heath End, The Common,
Chipperfield, Herts.

Paying for the annual report

From Mr. D. Potter

Sir,—It is interesting to note that under the heading of UK News in last Wednesday's paper you reported that the National Enterprise Board's annual report and accounts for 1978 is available at a price of £2.

I noted that the NEB had made pre-tax profits for the past two years, yet its accounts, taking into account taxation and extraordinary items, show losses for the past two years. Presumably it is therefore essential for the NEB to increase its activities making profits.

I wonder why Sir Leslie Murphy is selling his annual report when other profit motivated companies give theirs away gratis?

D. A. Potter.
Dunbar House,
Radford Semele,
Leamington Spa,
Warwickshire

Accountants differ

From the Executive Director, Society of Company and Commercial Accountants

Sir,—Mr. Waters (May 10) makes a point which goes to the very heart of the organisational problem facing the accountancy profession. There are many factors which distinguish the accountant in industry from the accountant in practice, and which suggest that they are members of quite different professions, but this is no place in which to discuss them. Underlying them all, however, is the question of the user: the in-company accountant serves a primary user—his management—and a secondary user—the business world outside (shareholders, creditors, analysts and a host of others, all having different interests). The public accountant and auditor, on the other hand, sees these priorities in reverse.

For the same reason, the internal accountant judges accounting standards by reference to the specific circumstances of his own company and its accounting policies, and attaches the same significance to them as he does to the computation rules of the Inland Revenue—he adheres to them in the context to which they are relevant, but does not allow them to dictate the ways in which he reports to those who make his company's business decisions.

R. H. S. Beacham.
40, Tyndalls Park Road,
Clifton, Bristol.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Muirhead extends development areas

FIFTEEN new devices have been launched by Muirhead in what is probably the most important two-yearly exhibition and demonstration event the company bas staged so far—in view of the current climate of political opinion against government intervention in healthy industry.

Best known for its involvement in communications in the broad sense of the word, the company is closely connected with a number of important developments in the office equipment area. One of these is the linking of word processing and teletype terminals with facsimile units, which could be a move of major significance in the development of wbat has been called the "ring main" universal communications system for the office of the future.

Covering this and other analogous areas is the H.153 group data modem designed for wide band operation at high speeds. It will bandle data transmission on two channels at 72 kbs or three channels at 50 kbs, thanks to a 2/3 part internal multiplexer.

But part of the aim in the work on this unit is to provide hetter service to small network users—with the addition of limited distance modems—by improving the utilisation of data transmission circuits and taking pressure off leased line. As an example, one European telecommunications authority has placed 26 users on a data higbway in a 48 kHz group. It gives one user a transmission capability of 19,200 bps; eight one of 4,800 bps and eight one of 2,400 bps.

In another area of communications is a low-cost picture recorded based on a ... printing technique, like that used in many pbotocopying machines. However, this process has heen refined—and It uses a high-grade plastic-coated paper providing pictures of very high quality, indistinguishable from that attainable with competing processes.

To meet the probability that, over the next few years, many meteorological authorities all over the world will move towards digital transmission whereas the World Meteorological Organisation is still using analogue facsimile the company has a new recorder/plotter whicb can receive AM or FM analogue fax, or digitally coded fax, or computer output.

Supply of 60 full systems for the control of stabilisers for missile-carrying frigates for the U.S. Navy is the aim of one of the most recent of the company's projects.

Muirhead-Vactric will supply the controllers to tha prime contractor, Brown Brothers of Edinburgb, and will use experience gained in the development of its AEL system, widely used in the Britisb Navy.

Micreprocessor technology will be brought into AEL design. This system already takes roll signals from the gyro-compass, analyses and recombines them to give a fin control signal conditioned for up to eight control units. Ship speed is also allowed for.

In a completely different area, that of ultrasonics, the company bas brought out an instrument sensitive enough to measure blood flow velocity in a major vessel such as the aorta, without the need to resort to catheterisation.

Muirhead, 34, Croydon Road, Beckenham, Kent, BR3 4BE. 01-353 8445.

Caters for smaller users

ELECTRONIC private telephone exchanges for organisations requiring from 60 to 768 internal extensions and up to 92 external lines are available from Philips.

EBX 800 exchanges are compact — the equipment for a system with 480 extensions occupies only 1.3 square metres of floor area—and their computerised control can provide many facilities not available from ordinary electro-mechanical exchanges. For example, "automatic ring-back" allows a caller who finds an extension busy to dial one extra digit, and the call will be rung through automatically as soon as both parties are free.

With "follow me," all calls for an executive away from his own office can be automatically directed to the extension where he temporarily is, or to a chosen deputy.

"Abbreviated dialling" allows long number sequences for frequently used external numbers to be replaced by simple three-digit codes. The caller dials the sbort code and the computer automatically generates the full dialling-sequence of up to 18 digits.

Tbese and many other options can save valuable time for directors and managers, and provide a vastly improved service for customers and others who ring in from outside.

The exchanges are made up from shelf-modules of standard size, which plug into standard cabinets 180 cm high by 70 cm wide by 45 cm deep. An exchange with up to 96 extensions requires just one such cabinet, while an exchange with more than 672 extensions requires seven cabinets. The numbers of internal connecting circuits, external lines to the public exchanges, and operator-positions can also be varied according to the relative volumes of internal and external calls expected. Initial capital outlay can be minimised, and as the organisation expands its telephone exchange can be gradually enlarged to provide the extra capacity needed.

Philips, Telecommunicatie Industrie, POB 32 Hilversum, The Netherlands.

Jones Cranes of Letchworth, Herts, has just introduced this 35-tonne capacity truck model which has a maximum lifting height of 42.5 metres. Basically a four-section hydraulically telescoping crane on a highly manoeuvreable chassis, the crane obtains its highest reach by means of a lattice extension and fly-jib which are stowed alongside the main jib ready for use when required. They are readily fixed in working position by one man who can drive, erect, operate and move off again to the next job without a mate, says Jones which is part of the 600 Group.

● HANDLING

Chain hoist for small workshops

WHEREVER a standard domestic electricity supply is available, it is possible to use a new range of electric chain hoists from Herbert Morris, PO Box 7, North Road, Loughborough, Leics. (0509 63123).

These are single versions of the low-cost Chainminor range and are available in five capacities from 63 kg to 800 kg.

New hoist, says the company, will be particularly suitable for the smaller workshop or garage where a three phase industrial supply is not available, and the units should find a wide range of applications in the maintenance, agricultural and general engineering fields due to their versatility and portability.

● DATA PROCESSING

Control of cash and goods

QUIETLY CARVING a significant specialised market niche for itself in the cash and carry point of sale electronics equipment market is Real Time Control of Watford.

All the equipment is designed and made in the UK and one of the earlier systems, the 4660 was designed for the £10m to £15m turnover location with up to 12 check-outs. Some 20 of these systems have been sold.

The latest equipment is the 460, which is stand-alone and is aimed at rather smaller establishments.

It is available in integrated form, or as modules that can be placed as desired, and can work with a special variant designed for use at the goods inwards point for insertion of a check digit and the generation of labels.

A microcomputer drives keyboard, display, invoice printer and motorised cash drawer. The system can deal with up to 800 product codes (Customs and Excise has already approved some 200 such codes) six rates of VAT, and can perform 30 departmental analyses.

The 460 will also keep track of different cashiers using the terminal and can produce totals of sales by tax level.

Prime purpose of the machine however, is to produce the kind of invoice the customer needs and one which complies with VAT regulations. Apart from the entered transaction details, all the information is printed automatically. It includes department descriptions and totals by item, VAT inclusive and exclusive sales totals, and detailed analysis of goods sold by tax rate, printing also the actual tax percentage applied. Additional control information covers credits and an item count to check against all items on the customer's trolley.

Reports can show trading performance by individual cashier, department and VAT rate and can be requested at any time.

Under key control the manager may request reports, programme the product descriptions, interrogate and re-set totals and set up current VAT rates.

The goods inwards terminal has a label printer instead of an invoice printer and also adds a check digit to product codes to reduce either deliberate or accidental under-ringing at the check-out—the digits are linked to unique price/code combinations.

Among the options that are offered are a secondary remote display, a price look-up facility and a data capture cassette sub-system to store transaction information for subsequent additional processing.

More from the company at Kebbell House, Carpenders Park, Watford, Herts WD1 5BE (01-428 0088).

● INSTRUMENTS

Finds faults and levels of signals

A MAINS operated instrument for fault finding and diagnostic testing of voice frequency levels in data communications systems has been launched by Lion System Developments, Halifax Road, High Wycombe, Bucks HP12 3SE (0494-35028).

Portable, or for panel mounting, the instrument is designed for operational service on telephone line transmission equipment and can measure the root-mean-square level of composite waveforms between +10 dBm and −50 dBm over the frequency range 50 Hz to 25 kHz.

Readings appear on a liquid crystal digital display which is self-ranging and shows the correct sign. A 250 milliwatt output is provided. Correct termination of the line is by means of push buttons. Accuracy claimed for the model 2700 is plus or minus 0.1 dBm (between −40 and +10 dBm).

Approximate dimensions are 76 x 203 x 315 mm and the weight is 2.7 kg.

● AUTOMATION

Designed for process control

EVERY type of controller for industrial and analytical systems is covered by equipment just released by GEC Electrical Projects under the general designation GEM 80.

Possibly the most important aspect of the equipment is the fact that a portable programmer is offered with it, so that an engineer can sit down and work out bis own automated control routine without any knowledge of bow the micro-operated control centre actually works.

The engineer is required only to provide the basic process control loop, or seqnence of operations in schematic form for direct entry into the GEM 80. Software in this unit automatically interprets engineers' language into a form that the microprocessor will understand and obey.

At the same time, it will rerord the sequence of instructions it has worked out on to magnetic tape for reference.

The equipment as a wbole will carry out reference settings, closed loop control, logic and sequencing fonctions for industrial applications, combining the capabilities of analogue amplifiers, digital logic, relays, timers and counters in a single technology.

Tbe top unit in the series, the GEM 80/230, has up to 510 input/output points oo local and remote, serial communications, automatic self-test, duplicate watchdogs and up to 3,200 instructions in memory.

Up to six fast input/output modules can be operated, together with display capability.

Further details of the equipment from GEC Electrical Projects at Boughton Road, Rugby. 0788 2144.

● COMPONENTS

Has higher resistance to fire

TOUGH FLEXIBLE sheets, based upon polymerised phenolic resins compounded with a special blend of fillers, are the basis of lightweight, one-hour fire doors introduced by Desai Polymer Developments, Condover Industrial Estate, Condover, Shrewsbury (Dorrington 607).

Trial sets of these doors have been specified for installation in Aviation House, London, by the Civil Aviation Authority, and the British Airports Authority has some on order for evaluation at Gatwick Airport.

Phenolic core is now forming the basis of non-burning, non-smoke producing panels for building, marine and possible aircraft use. Large scale tests on these composite expanded plastic panels, says the company, will soon be undertaken on aircraft (a CAA Boeing 707 at Stansted Airport, and a Varsity trainer of the RAF at Shawbury) when fires will be set, either in the aircraft cabin lined with the panels, or outside the aircraft, simulating a crash landing which would result in a fire.

● POWER

Rectifiers by Ferranti

LAUNCHED at Hanover Fair by Ferranti is a series of rectifiers for switching power supply applications.

Part of a Ferranti pr... to develop power semi-co... with the designed-in ... supply manufact... BYW92/30/31 series ... very fast recovery ... rectifiers, particularly ... switching power supply ... tions thanks to this ... their very low forward drop characteristic.

Ferranti Electronics, Fi... New Road, Chadderton, Oldham OL9 8NP. 061-624-0515.

● LIGHTING

New system for theatres

AS THE months go hy, systems requiring intelligent automatic control that were originally driven by a minicomputer are being re-configured using the microprocessor, often with added facilities.

Latest example is a memory lighting system from Rank Strand Electric called *Light Palette*, a medium cost equipment for theatres needing up to 500 channels.

This equipment, now going in at the Metropolitan Opera in New York will do all that the present generation of memory controllers will do, with the added advantage of being able to record, display and playback much more information, incinding a running cue sheet and transition timing of lighting changes.

Once the required intensity and timing requirements have been programmed into the Light Palette, the operator can during a performance call for as many as six simultaneous or separately *timed* lighting actions in a single cne, including fade time, separate up and down times for split fades, a linear or chosen fade profile, and a delay time.

Built-in video monitors display all the information for any cue as well as a complete running cue list and actual light intensities. Any of the actions of the equipment can be manually over-ridden at any time to cope with the inevitable variables of a live performance.

More from the company ... Great West Road, Brentford, Middx. (01-568 9222).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

David Lascelles on a U.S. barterer who claims to be able to find a market for almost anything

A sophisticated $128m swap-shop

MR. MORETON BINN'S office overlooking New York's Park Avenue is not exactly the typical American executive suite. Apart from two sumptuous blue velvet sofas and an extremely expensive computerised telephone system, it could easily pass for a glory hole: a stuffed Piranha fish, a pile of bat manure in plastic bags, a few turtles, a pair of gym shoes, a Mickey Mouse telephone stand, a tennis racket, several plants and mementos, and paper stacked perilously high on every available space.

But then Mr. Binn is not a typical American executive. He barters for a living. In fact he boasts that his company, Attwood Richards, is the biggest barterer of its type in the world, with an annual turnover of $128m and an operation so skilled that it can find a market for everything from that bat manure to jet aeroplanes. Though he is very enthusiastic and voluble about his business, however, Mr. Binns complains that it has a primitive, even distasteful image.

People do not understand Barter, at least in the sophisticated form in which he plies it, he says. When they do, they cannot understand how he makes money at it when he deals in goods, not cash. When they do understand how he makes money at it, they are appalled at how much he makes (he claims to be a multi-millionaire). And when companies actually come to do business with him, they are often so embarassed to be bartering rather than selling their goods that they prefer to keep the fact quiet. So although Mr. Binn does business with over 100 companies regularly, only a few names get out. But those that do suggest that bartering is not confined to the fly-by-nights since they include such companies as Shell, Newsweek, and BSR, the British gramophone maker.

Mr. Binn believes that all companies barter in one form or another, and that the practice is growing. "All companies have surplus production or inventory that they want to get rid of," he says. "And they know they're not going to get cash for it, so they might as well trade it for goods and services."

Mr. Binn, 42, started out in marketing and public relations, where he learnt that companies are usually willing to trade their goods for a bit of publicity. If he was promoting breakfast cereals by offering free holidays to Europe, he found he could persuade a major airline to carry the lucky winners free in exchange for mention of that airline in all the cereal competition promotion.

HOW THE BARTER SYSTEM WORKS

- **A TV station wants a new antenna costing $500,000 but lacks the cash to pay for it. Attwood Richards, the barter company, agrees to buy in the antenna in exchange for $1m worth of advertising time. Cost of air time to AR: 50 cents on the dollar.**
- **AR exchanges this TV time with an electronics firm for $1m worth of digital clocks. Because of the size of the order it gets a 20 per cent discount and ends up with $1.25m worth of clocks. Cost of clocks to AR: 40 cents on the dollar.**
- **AR trades the clocks to a nationwide hotel chain at their market value which is twice what it paid for them, and gets $2.5m worth of hotel services in exchange. Cost of hotel services to AR: 20 cents on the dollar.**
- **AR trades its hotel services to a toiletry manufacturer with a large team of travelling salesmen for $2m worth of toiletries and $500,000 cash.**
- **AR has now recovered its initial cash outlay, and all proceeds from the sale of its $2m worth of toiletries is profit. Even if the toiletries are discontinued lines, AR can afford to sell them at a fraction of their market price and still come out ahead.**

Where's the catch? There is none says Attwood Richards chairman Moreton Binn who does deals like this to the tune of over $128m a year. It just takes a bit of skill and imagination.

Expansion

In 1974, Attwood Richards, already a major U.S. barter company, was put up for sale by its parent company, Cooper Laboratories, which had bought it as part of a chemicals group, but had not wanted to keep it. Binn, and a number of other investors bought it for an undisclosed sum, though he has since bought out his fellow investors whose enthusiasm for the company waned. Binn believes that he now has the U.S. market well covered and has therefore started to look abroad. A move into Europe is imminent.

The theory behind his business is two-fold. First he believes that money is unnecessary to business, and that its traditional role is being rapidly undermined by inflation. "Money buys you a bit of time and convenience, that's all," he argues. "What people in business are really doing is exchanging goods and services."

Second, he believes that all companies can be made to see the benefits of bartering, once they shed their ingrained obsession with cash, and that as competition gets hotter inventory and production problems are going to get worse.

Broadcasting companies and newspapers can always take a bit more advertising. So why not swap it for some more typewriters for the newsroom if that is the only way to get it? Manufacturers of consumer products frequently find themselves with unsaleable goods on their hands because of fickle markets, so why not barter them for hotel space for their travelling salesmen, or air time, or airline tickets?

Attwood Richards' function is to bring potential barterers together and create a market for people with goods to trade. Mr. Binn stresses, though, that, unlike brokers and agents, his company trades on its own account. It "buys" the TV time and "sells" the excess toiletries: it does not just bring the two parties together like an estate agent.

The system it uses is as follows. The TV station "sells" its air time to Attwood Richards in exchange for trade credits worth, say, $1m Attwood Richards, meanwhile, has millions of dollars worth of goods and services in its inventory which the TV station can "buy" with its credits within a given period, usually one to two years.

Sometimes Attwood Richards will lay out hard cash for an item requested by a customer, but in this case it will usually demand twice the value in goods and services in payment, as in the example in the box. At other times, the company will also sell part of the goods and services in its inventory for cash rather than trade credits, and it is these deals which keep it solvent, pay the Park Avenue rent, and recompense its 60 or so staff. But this means that the company has to keep a close eye on its cash flow, which it does with a computer system containing details of everything on the company's "inventory."

Spare capacity

Attwood Richards has a different approach for companies with no excess inventory but spare production capacity. On the assumption that use of this capacity will only entail marginal costs, it offers to buy production over and above the normal run at a fraction of the normal wholesale price for payment in trade credits. The company can thus raise its production run and buy goods and services with its credits at a very small real cost.

But this ploy often raises eyebrows. If the company cannot sell more than it is producing, how can Attwood Richards? Answer: Attwood Richards is getting the goods cheap, so it can sell them at a price where a market exists. But wouldn't that undercut the producer? Attwood Richards promises not to compete on the same markets. In fact, such deals have been struck with provisions that Attwood Richards will open up new markets for the producer.

Why barter at all? Mr. Binn cites several reasons.

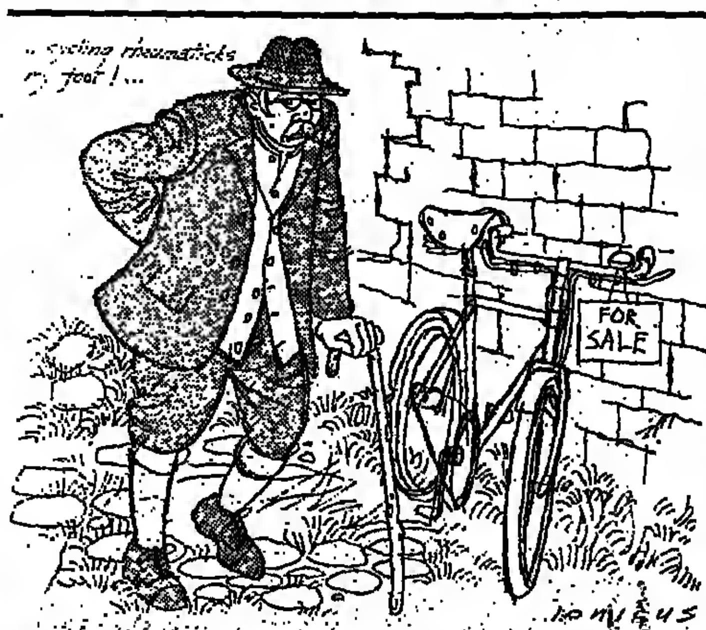
- Instead of laying out cash, a company uses goods or production capacity it does not want to secure goods and services it does want.
- Reduction of cash outlay releases cash for other uses.
- Barter increases earnings by making more efficient use of resources. It cuts out costs connected with excess inventory, like warehousing, insurance and labour.

Of course barter is not as simple as that. For one thing it creates serious tax problems, a theme which Mr. Binn prefers not to discuss saying it is a matter for the accountants. But evidently a value must be placed on the goods and services bartered for accounting purposes, and if this value is close to the real one, the savings are much reduced.

Also, Attwood Richards drives a hard bargain, and it never accepts goods or services unless it has a pretty good idea where it can sell them. It once bought a large quantity of diet ingredient which had been banned by the U.S. drug authorities, relabelled it as a "protein supplement," and shipped it abroad where it sold like hot cakes. It also buys up Christmas decorations just after Christmas and Easter eggs just after Easter, usually for sale in markets with different festival traditions or in the deep discount stores.

It all seems a bit too good to be true. But if you feel confused, take heart. Says Mr. Binn "whenever I try and explain what we do, there are always people who stare at me in blank disbelief."

Moreton Binn—dealing in anything from bat manure to jet aeroplanes.



EXECUTIVE HEALTH

BY DR. DAVID CARRICK

A cosy, superior kind of stupidity

OFF THE tongues of many supposedly knowledgeable people comes tripping the word "psychosomatic." Being longer, it sounds much better than its old predecessor, "nerves." It is also generally employed as an intellectually more genteel form of expression.

Unfortunately, the word is also used by a few doctors as a high-falutin screen for ignorance about the nature of a patient's disorder.

Originally, psychosomatic (from the Greek words "mind" and "body") meant what is suggested, i.e. that the brain (or mind or soul) and body work closely together, an unavoidable two-way system between major parts of the organism that are intimately connected.

Purity is rare today, but if only those who carelessly use the offending adjective would also talk about a disorder being "somatopsychic" (a word I have never heard spoken nor ever seen written) a degree of wisdom might be revealed, instead of evidence of a somewhat cosy and superior sort of stupidity.

True, the word is far less attractive. Yet if one has a pain in the toe from an ingrowing nail this is transmitted to the brain, but because one can see it, attention can be focused on the disordered member so that aid can be sought.

If, however, pain arises from within the body, as with some abdominal disease, then although the brain faithfully registers the trouble, the eye cannot observe the cause. This does not mean that it does not exist, anymore than the other side of the moon does not exist because the unaided eye cannot see it.

Curiously enough, most internal organs (including the brain) cannot feel pain in the same way as skin and flesh. Thus, if you stick a knife into your abdomen (an unwise exercise), the first sensations of pain will arise from external structures, not from the feelingless gut. But anything that stretches smooth muscle (e.g., kidney stones, appendicitis, etc.), particularly when spasmodic contractions occur, excites much pain. The pain itself may well cause such spasm to perpetuate, thus giving rise to a situation that fulfils the true psychosomatic criterion.

Some types of asthma, a strange and debilitating disorder, provide good examples of the various phases described. Take a small child who has a happy home and is not subjected to such stresses as may be provided by income tax officials or faithless spouses, but yet has asthmatic attacks when in contact with, say, the pollen of geraniums to which he is allergic.

To begin with, the condition is purely somatic. Soon, however, through experience and warning, he may very well develop true asthmatic attacks as soon as he sees geraniums through glass—although it totally excludes the passage of the allergen. Now the result is psychosomatic, but is no less troublesome or even dangerous for that.

Executives, by reason of education, and outside pressures are peculiarly liable to the psychosomatic - somatopsychic disorders and are also likely to be regarded as suitable targets for clever, clever words. Simple country folk (with some exceptions) are not so sensitive, as I discovered when talking to an ancient Essex yokel who was much enraged following a visit to his somewhat trendy doctor:

"Owd fool!" he muttered. "Said as 'ow I'd got them there cycling rheumaticks—and me what sold me bike seven year since!"

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Deposit account

If a deposit account is closed and then reopened during the same tax year, would the accounts be regarded as two separate accounts for tax purposes? If a taxpayer has deposit accounts with several institutions, are the rules applied to each on a separate basis?

The law requires each deposit (not merely each account) to be treated as a new source of interest, and each withdrawal to be treated as a discontinued source: this was confirmed by the Court of Appeal in 1957, in Hart (Inspector of Taxes) v Sangster.

However, to save time, Tax Inspectors bend the law to suit the taxpayer, so the answer in practice is that you can probably use any reasonable basis: it depends on the figures in each case. It is rather a pity you did not tell us more about the particular case you have in mind.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Energy policy in a mess

BY DAVID LASCELLES

DR. JAMES Schlesinger, the American energy secretary, has made no secret of the fact that he is sick of his job. He has offered to resign several times, but without success.

It is hard not to sympathise. American energy policy is now in such an awful mess that only those with the wildest imaginations can claim to have an answer. Bad luck has played its part: the Iranian crisis, the Three Mile Island nuclear accident and so on. But most of the blame can be laid on the narrow uncompromising minds of the nation's rulers.

Done to death

A nation of this size is bound to throw up a welter of conflicting interests. But consider how many worthy proposals have been done to death in just the first four and a half months of 1979: an emergency petrol rationing plan—restrictions on street advertising and gasoline station opening hours—a proposal to export Alaskan oil to Japan in exchange for Mexican oil under a switch deal that would save thousands of miles and millions of dollars on transportation—the Sohio pipeline to bring Alaskan oil from California to Texas and the east. At the moment there is no transcontinental pipeline, and most Alaskan oil has to be shipped round via the Panama Canal.

These proposals all died even though petrol consumption is rising at such a rate that many states have begun to run short, even though oil imports are up 1m barrels a day on last year and domestic oil production is down 200,000 barrels a day. At the moment, all that has survived of the Administration's attempts to curb the nation's huge appetite for energy is a proposal to cut the use of air conditioning and heating in public and office buildings. Even Mr. Carter's plan to decontrol oil prices, the best thing that could happen to U.S. energy policy, is being challenged in Congress despite the fact that the President has executive authority to go ahead with it.

If anything, Congress's attitude has hardened since the Three Mile Island accident, even though that highly unfortunate affair has set back nuclear power development by years and made it all the more imperative that other fuels be used sensibly.

Some political observers argue that Mr. Carter has handled congress badly. That may be the case. He has certainly failed to impress its members with the urgency of the situation. On the other hand, few congressmen take more than a parochial view of the problem: all want to ensure that their constituents get enough petrol whatever this might mean for the country as a whole. And senior congressmen who should be in a position to take a broad view frequently do not for political reasons. Sen. Edward Kennedy has opposed Mr. Carter's energy proposals every inch of the way, not, it seems, out of any conviction but because he may be a contender for the Democratic nomination.

Having scuppered the Carter/Schlesinger energy plan, several Congressmen went a step further and blamed its authors for the mess by calling for Dr. Schlesinger's resignation. But Mr. Carter is standing by his aide, and refuses to accept it. If any further evidence of Congress's unconstructive attitude is needed, consider this: after it rejected the petrol rationing plan last week, Mr. Carter turned to its members in desperation and effectively said: "well you suggest something." The call was answered by a deafening silence.

The irony behind all the furore over energy policy is that the ideal policy would be no policy at all: complete deregulation of the highly-complex and now archaic price controls which have distorted energy costs to the point where the cheapest fuel on the market, oil, is actually the country's costliest.

Precisely why

Mr. Carter has struck at the heart of the problem with his oil price deregulation plan which would bring prices up to world levels by September 1981. But it is symptomatic of the country's confused priorities that it has been completely upstaged by the relatively minor issue of the windfall profits tax on oil companies which Mr. Carter threw in as a sop to get deregulation through. Of course, it is not surprising that people should focus on a proposal which will cut his business profits rather than one which will double the price of gasoline—and, as it happens, reduce oil imports, encourage conservation and make it worth the oil companies' while to look for more oil and gas. But that's precisely why Dr. Schlesinger wants out.

Never too late for nasturtiums

Nasturtiums: well-tried and almost fool-proof

GARDENS TODAY

BY ROBIN LANE FOX

THERE ARE strong reasons this year why gardeners are running late. The winter and cold spring have delayed everything until this last burst of sunshine: it has only just opened the flowers on my favourite small narcissus, the white Thalia, by now at least six weeks behind season. What, now, can be done if you own a small or very small garden and are wondering how to brighten it up without buying bedding plants at £1 a box off a greengrocer?

It is almost never too late to do something. Mid-May is no exception. As a first priority, I would reach for as many seed packets as possible of the good old nasturtium and its relations. I cannot see that these fool-proof flowers are common or boring in the way in which French park bedding schemes or marigolds are both, nor that justice is usually done to them in British gardens. They have so many unrealised uses. If you find yourself with a terrace, roof-garden, wall, window-box or space which the former owners called a patio, you should hunt out the many good new varieties of nasturtium on sale.

Most of them are unusual in their ability to flower far more freely, if they are treated roughly and given a poor soil. This taste can escape the unwary. Last season, a keen beginner was showing me around his deeply loved roof-garden and remarking how well the nasturtiums would be looking after his weekly treatment with liquid manure. Their leaves were large and lush, a distinctive addition to a salad. But there was hardly a flower to be seen on plants which had become too fat. Not for nothing did the nasturtiums spread with those old oceans of pink on the far-eastern atlas. In a hot climate, they were one, lone echo of the British home counties, which actually preferred to follow builders of the empire into the desert and thrive in a hot, dry, Indian soil.

Nowadays, you have a wide and interesting choice of shapes and colours. I am pleased with the new Red Roulette, a small variety whose flowers are a good red-orange and semi-double in a pretty way. They stand well clear of the leaves and face upwards at you, without the edging of spurs to their petals. A more fiery shade of red can be found in the excellent Spitfire, a clear yellow in Primrose Gem. The double varieties have a scent which is noticeable if you bend down into them. But they are not so long-stemmed nor trailing, if you want them to hang over the edge of a roof or a window-box. The absence of spurs on the flower may also strike you as a sad loss.

Plain Magus mixed, sold often as "tall climbing" and so forth, is the type which spreads furthest and most widely. It can be used ingeniously. You can grow it over a shrub like a peony, after its flowering season, up wire and walls, to a height of several feet, through fading poppies and anchusas, or down the front of dry walls, perhaps the most spectacular sight for a long nasturtium. The big, round seeds are easily placed wherever you want them, because you can press them like peas into the ground at wide intervals.

Remember that no seed will thrive in a dry wall whose top is faced over solidly with coping-stones or cement. The best walls are open on top to the weather, and free of concrete. You can fill in the gaps between their stones with some rich compost, water it, and press the seed firmly into its pocket. Water them again in dry weather. I have found it easier to start a dozen or so in pots, and then transplant them once their roots are well-formed into a ball of earth. My results have not yet been as fine as those on a West Country wall, which first gave me the idea. But reports from readers last year encourage me to repeat this topical suggestion, which clearly worked very well for others.

Three centuries ago, in the well-documented gardens of Woburn, the nasturtium, known as Indian Cress, was being relished as seldom since: "The flowers, tender leaves, and seeds are laudably mixed in the kitchen with the colder plants, while the buds, as also the young green seeds, being pickled or candied, are likewise used in stewings all winter." It is hard to pass a healthy plant of the dark-leaved Empress of India, and her deep crimson flowers, without picking the leaves and chewing them for their hot flavour of mustard. But you do not meet the flowers in restaurants nowadays. I doubt if many gardeners find temptation too strong and eat the seed pocket before planting it out in pots on the balcony.

If you can restrain your appetite, you ought to consider that sadly-neglected relation, the Canary Creeper. I rate this half-hardy annual very highly, but few gardeners bother with it. It sprouts blue-green leaves, which are boldly divided into five lobes, like a smooth leaf on a young fig. The stems will clamber prettily up wire sheep netting, still the cheapest host for aspiring garden plants. The flowers are also five-fold. For once, they live up to their popular name by a true canary yellow. The upper three petals are ruffled, while the lower two are large, like finely-cut leaves, giving the flower the shape of some curious butterfly at rest. The seeds are easily raised and quickly grown on as half-hardy annuals under glass. Sown now, they should still reward you with flowers in the autumn, though best set out of their pots in open ground beneath wire or low wall.

They are a subtler accompaniment to the magnificent Morning Glory, a more obvious annual climber for pots and a tripod of bamboo canes.

The Canary Creeper is good in a warm summer, too. My plants respond to strong feeding, though there are two schools of thought about this. It is an easy plant, anyway, and one which would look well at home on the sides of your roof garden, among the honeysuckle and that prince of all annual climbers, the rampant Cobaea, which ranks as the best buy as a pot-grown bedding plant for anyone who wants to go on an aerial and total coverage for a situation or half-shaded wall in a night garden, and can wait for flowers climb fully until August. Cobaea, the Canary Creeper, will not survive a winter out of doors. Perhaps somebody somewhere have tried to eat Canary Creeper, like almost every other plant in the garden, but it looks too handsome for such treatment. If you do not know it, try it now. It is never too late for the nasturtiums and their useful family.

Galaxy Libra for Mecca Dante

RACING

BY DOMINIC WIGAN

GALAXY LIBRA, retained by his stable at 145,000 guineas when sent up for Newmarket's December sales, may well justify that massive gamble at one stroke today with a win in the Mecca Dante Stakes.

The colt, trained by Barry Hills, down to 14-1 in post-Derby lists, ran only once as a two-year-old. But that run gave a clear indication that he could be an unusually smart performer in the making.

Producing a fine burst of speed close home in the valuable Philips Industries Stakes over seven furlongs at Ascot in the autumn, Galaxy Libra overhauled Lasko Floko to win going away by 1½ lengths. The form of that race may not have amounted to much, but the manner in which Galaxy Libra, who is by Wolver Hollow, quickened, left many racegoers in no doubt that he would go on to better things when asked to tackle 1¼ miles as a three-year-old.

Although his breeding leaves some doubt as to whether he will quite get the Derby trip, this afternoon's 10½ furlongs seems unlikely to present problems. I take him to underline his potential with a clear-cut win over Lyphard's Wish, who found himself short of speed below the distance over the Rowley Mile.

Michael Stoute introduced a promising two-year-old in Final Straw at the Guineas meeting. This colt strikes me as the best bet of the day in the Scarbrough Stakes. Although Runnett foiled a big gamble on him there, proving just too sharp on the climb to the finish, Final Straw seemed to have greater improvement in him.

A second likely winner for Beechhurst is Bananas Foster, who tackles Masked Marvel, Niniski, New Berry and Ivatan in the Glasgow Stakes, won a year ago by stablemate Hill's Yankee. This powerfully-made chestnut found little difficulty in getting off the mark in a competitive maiden event recently. Anticipated improvement will see him proving a formidable opponent to the three other winners.

No trainer made a better start to the season then Neville Callaghan, and it may be that Carriage Way will maintain his run with a win in the Hambleton Stakes, a limited handicap with £12,000 added prize money.

Latest Derby odds: 5-1 Ele-Mana-Mou, 8-1 Milford, 14-1 Dickens Hill, Troy and Galaxy Libra, 16-1 More Light, Two Of Diamonds and Tap On Wood, 20-1 Fabulous Dancer. Best supported yesterday was Milford.

YORK

2.00—Woodrush
2.30—Final Straw***
3.05—Galaxy Libra**
3.35—Carriage Way
4.05—Bananas Foster*
4.35—Kalazero
5.05—Fairy Fisherman

TV/Radio

BBC 1

† Indicates programme in black and white

9.38 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bod. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Help! 4.40 Horses Galore. 5.05 John Craven's Newsround. 5.10 Rentaghost.
5.40 Evening News.
5.55 Nationwide (with regional variations).
6.20 Nationwide.
6.45 † "Silent Running."
8.10 Accident.
9.00 Nine O'clock News.
9.25 Sportsnight: Phillips Night of Athletics and International Boxing.
10.15 Entertainment covered by outside broadcasting.
10.55 Tonight.
11.35-11.40 Weather / Regional News.

All Regional programmes as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 11.35 News and weather for Scotland.

Wales—5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.45-7.15 Heddiw. 7.15-7.40 Trem. 7.40-8.10 How's Business? 11.35 News and weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Nationwide (London and South-East); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50-6.55 pm Open University.
6.55 The Long Search.
7.45 News.
7.55 The Genuine Article.
8.20 The Money Programme.
9.00 Dave Allen At Large.
9.45 In England's Green and Pleasant Land.
10.40 Dinner with the President of the Royal Academy.
11.15 Late News.
11.30 Grapevine.
12.00 am Closedown: "At Castle Boterol."

LONDON

12.00 The Adventures of Rupert Bear. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News At One. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 About Britain. 3.50 Hello Good After Noon Welcome. 4.20 The Sooty Show. 4.45 Extraordinary. 5.15 Makin' It: "Friends for Life." 5.45 News. 6.00 Thames at Six. 6.20 Help! 6.30 Coronation Street. 7.00 Football live from Basle. 9.15 Oklahoma Crude starring George C. Scott and Faye Dunaway. 10.00 News at Ten. 10.30 Oklahoma Crude (continued). 11.40 The Andy Williams Show. 12.10 am Close.

All ITV regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 The Love Boat. 5.15 Winner Takes All. 6.00 About Anglia. 11.40 Mannix. 12.35 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 3.20 England Their England. 5.15 Father, Dear Father. 6.00 ATV Today. 11.40 Wind in the Wims.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Family. 5.15 Gambit. 6.00 Lookaround Wednesday. 9.15 Film: Oklahoma. 10.00 News and Border weather. 10.30 Oklahoma (cont.). 11.40 George Hamilton IV. 12.10 am Border News and weather.

CHANNEL

1.15 pm Channel Lunchtime News, What's on Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News and weather. 6.10 Ladies Fimt. 10.28 Channel Late News. 11.40 George Hamilton IV. 12.10 am News and weather in French.

GRAMPIAN

1.20 pm Grampian News. 5.15 Emmerdale Farm. 6.00 Grampian Today and area weather. 11.45 George Hamilton IV. 12.15 am Reflections. 12.20 Grampian Headlines.

GRANADA

2.00 pm Live from 2. 5.10 The Undersea Adventures of Captain Nemo. 5.35 The Rolf Harris Show. 6.00 Granada Reports. 11.40 A Question of Sex.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 TV Movie: "The Great Ice Rip-off." 5.15 Emmerdale Farm. 6.00 Report West. 6.15 Report Wales. 11.40 Streets of San Francisco.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 'Rydw I am Fod . . . 6.00-6.15 Y Dydd. 10.00-10.30 News followed by Report Wales Headlines.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.25 pm News and road and weather. 5.15 Give Us A Clue. 6.00 Scotland Today. 7.00 Songs of the Settlers. 7.15 Life and Times of Grizzly Adams. 8.10 "Oklahoma Crude." 10.30 Sandemon at York Races. 11.00 Late Call. 11.05 Highlights of European Cup Winners Cup.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Love Boat. 5.15 Laverne and Shirley. 6.00 Day by Day. 6.00 Scene Midweek (South East Area Only). 11.40 Southern News Extra. 11.50 George Hamilton IV.

TYNE TEES

1.20 pm North East News and Where the Jobs Are. 5.15 Gambit. 10.00 Northam Life. 11.40 Maude: "The Ticket." 12.10 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Afternoon. 2.25 Wednesday Matinee. 4.15 Ulster News. 5.15 Cartoon Time. 5.20 Happy Days. 6.00 Good Evening Ulster. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family: Acts of Love. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 George Hamilton IV. 12.10 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 2.00 After Noon. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Mid-Week Sports Special. 11.40 Take the Mick.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Paul Burnett. 8.00 Simon Bates. 11.31 Peter Powell including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen including 6.15 Pause for Thought (S). 7.32 Terry Wogan including 8.27 Racing Bulletin (S). 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House including 1.45 Sports Desk (S). 2.30 David Hamilton including 2.45, 3.45 Sports Desk; Racing from York. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn including 5.45 Sports Desk (S). 6.38 Enchanté . . . Moi Aussi! 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Sports Desk. 7.33 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impressarios. 9.55 Sports Desk. 10.02 The News Huddlines. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 International Athletics: The Phillips International. 11.10 Brian Matthew with Round Midnight including 12.00 Midnight News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

†Medium Wave only

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice Record requests (part 1): Locatelli, Boyce, Haydn, Cimarosa (S). 8.00 News. 8.05 Your Midweek Choice (part 2): Strauss, Saint-Saëns. 9.00 News. 9.05 This Week's Composer: Weill. 10.00 Music for Organ by Croft, Purcell, Arne, Weland, Matthew (S). 10.40 Music Making from Birmingham Concert: Haydn, Gelza, da Milano, Piccinini, Mozart (S). 11.30 20th-Century Music for Two Pianos by Berio, Stravinsky (S). 12.00 Salzburg Mozart Week 1979 (S). 1.00 pm News. 1.05 Concert Hall: Jazz and avant-garde music for wind band (S). 2.00 Krystian Zimerman Piano recital (part 1): Beethoven, Brahms (S). 2.55 Interval Reading. 3.00 Recital (part 2): Chopin. 3.30 From Calvary to Emmaus: Couperin, Cazzati, Schütz, Couperin, Carissimi (S). 4.30 Elysian Wind Quintet: Birtwistle, Nilsson (S). 5.10 Young Music-Makers: Oboe and trumpet recital (S). 5.25 Homeward Bound (S). †5.45 News. †5.50 Homeward Bound. †6.15 At Home: Music for the Royal Courts of Medieval Europe. 7.10 The Arts Worldwide. 7.30 BBC Symphony Orchestra: Payne, Ives, Balassa (S). 8.25 Scientifically Speaking: discussion. 9.10 Portsmouth International String Quartet Competition: Beethoven (S). 10.30 Giuseppe de Luca (1876-1950). 11.30 Schubert: Cello and piano music (S). 11.55-12.00 News.

VHF Only: 6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Parent Power. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story: "Canario: Clown Canary." 11.00 Listen In. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Burkiss Way (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre: "Clive" by John Parker (S). 3.50 Choral Evensong from Winchester College Chapel (S). 4.35 Story Time: "Villa Sodies." 5.00 PM. 5.50 Shipping forecast. 5.55 Weather. 6.00 The Six O'clock News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Eurocrats. 8.45 Analysis: Into the 80s. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Round Europe Quiz. 11.00 A Book at Bedtime: "Eating People is Wrong." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 am News. 12.15 Shipping forecast.

VHF Only—9.25-12.00 For Schools. 2.00-3.00 pm Schools. 11.00 pm Study on Four.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert, including 9.30 Young Musicians' Concert: Mozart, Brahms, Scott, Liszt. 10.03 Late Night London. From 12.00 midnight As Radio 2.

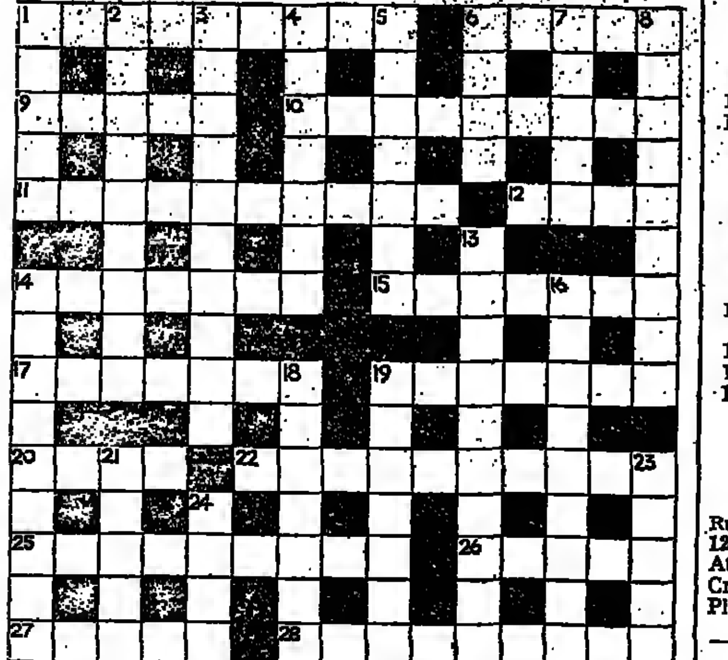
London Broadcasting

5.00 am Morning Music. 6.00 The A.M. Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott. 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,972



ACROSS
1 Motion from declining trade (9)
6 Airy hopes of Oriental in drink (5)
9 Stick head round pole (5)
10 Discovery from CID? (9)
11 Duplicate feature indicating the need to slim (6-4)
12 He joins soldiers in this place (4)
14 Cut her slide (7)
15 Enlarge green at Sandwich (7)
17 Fruit capable of making it a crop (7)
19 Peculiar people start taking scrap (7)
20 Free from anxiety and become less in demand (4)
22 Since a collection of horses, but a tie should cover it (6-4)
25 Bird in a gable is in harmony (9)
26 Unarmed but partially in ermine (5)
27 Nothing in small department store (5)
28 Impart knowledge and brightness in equal measures (9)

DOWN
1 Police leader in assault is swift (5)
2 Patron perhaps got round one at the dressmaker (9)
3 Cases with wine producing mental disturbance in soldiers (10)
4 One who prevails on introducer without it? (7)
5 No slim guide-leader could be brought to naught (7)
6 Cut off a weed (4)
7 Banish one left in river (5)
8 Meddle with head vegetarian food supplier (6-3)
13 Offer fish for effeminate fellow (10)
14 Male Oriental worker concerned with props (5-4)
16 What doctors give to deal with people on tranquillisers initially (9)
18 Take pains to be vexacious (7)
19 Fuel producer with a boring job? (3-4)
21 Fight just a bit (5)
23 Person of great enthusiasm made money in part (5)
24 Policeman's round could be weary (4)

Solution to Puzzle No. 3,971

THE ARTS

Chichester Festival Theatre

The Devil's Disciple by MICHAEL COVENEY

Shaw himself assured us in his Preface that *The Devil's Disciple* (1897) would "lose its gloss with the lapse of time," and one is forced to admit, even allowing for the customary G.B.S. false modesty, that he had a point. This is a clever piece of melodrama, the conventions beguilingly tinkered with, but melodrama just the same. It centres around the Sidney Carton-type self-sacrifice of a diabolic advocate of free expression in the New Hampshire of 1777, with a Puritan community coming to terms with armies of vengeful English colonialists.

The devil in Peter Dews's comfortable, not to say cosy, revival—not a patch, incidentally, on Jack Gold's vivacious R.S.C. Bicentennial version starring Tom Conti—is impersonated by television's Saint, Ian Ogilvy. Whereas Mr. Gold took great care with his historic setting, Mr. Dews concentrates merely on the burgeoning love affair between Dick Dudgeon and the wife of the Presbyterian minister he replaces on the scaffold.

You can tell that Mr. Ogilvy is the hero by virtue of the fact that he storms portentously on to the stage half-shaven, nostrils flared, and proceeds to toss his hat in cavalier fashion at his half-wit brother. It is less easy to understand why he should be so set against his Puritan background as his mother is about as interesting and two-dimensional as Whistler's to whom she also bears a marked physical resemblance. The reading of the will, a potentially explosive comic highlight, is a dull affair; it is important in the play that Dick should be as materially liberated as he is spiritually.

The English Army is led by Sir John Clements as the infamous General Burgoyne, but we do not begin with Burgoyne until Act 3. The part is a Shavian cracker, but Sir John was well below form on Monday, eliciting unfavourable comparisons with John Wood at the Aldwych in 1976.

Brian Blessed, Ian Ogilvy, Mel Martin and Christine McKenna

As the Minister, Brian Blessed is excellent, although even his tempestuous transformation into a "man of action" at the end of Act 2 can only really be understood if you have read Shaw's stage directions. There is little in the lines to betray the reason for this sudden raving, and what there is, is lost in the shock of seeing him bare his teeth.

The Reverend's wife, Judith, who is with Dick when the militia mistakenly apprehend him, is a gem of a role and Mel Martin plays it memorably. Miss Martin is in the Nicola Pagett mould of lip-smacking beauty and she misses hardly a trick, although I do think she should expect more of a laugh on the line "I do hate him—I can't get him out of my mind." She almost succeeds in making the play a sexual comedy which, from her point of view, is a sign of success.

Mr. Ogilvy's appeal as a good-looking reprobate is limited, as he obviously thinks he is playing a good-looking reprobate. Tom Conti never made that mistake, nor, I imagine, did his illustrious predecessors in the part, who include Claude Rains, Martin Harvey, Robert Donat and Tyrone Power.

Oxford Theatre Festival by GARRY O'CONNOR

This year's two-week festival sponsored by *The Observer* began at the Playhouse with Michael Bryant's gravelly voiced reading of George Barker's seven-part poem, *The True Confessions of George Barker*. The lush assonance and sometimes facile alliteration might soon have palled had it not been for Mr. Bryant's dedicatedly nonchalant manner with its underlying tautness; he coaxed away most resistance to the idea of a poetry reading beginning a theatre festival, though not quite all. Yvonne Bryceland's unsurpassable portrayal of a beauty queen, the wheedlingly vain *Miss South Africa* (6), written by Barney Simon, which made up the evening's second half, had a properly Thespian ring to it, and it introduced an international flavour which other companies were to broaden.

A somewhat ponderous *Othello* proved, surprisingly, a *sell-out* at the Playhouse for the first half week (other groups perform in the Burton Rooms round the corner, and in the Museum of Modern Art in Pembroke Street). A Zambian actor, Edwin Manda, played Othello, distilling a genuine sense of nobility and reserve in the part; he was way ahead of the rest of the cast who came from Wales. An attractive, silvery, cobweb structure by Lis Jones served as setting, while the period costumes provoked the notion of Nelson's midshipmen romping about on leave in the West Indies. I much preferred a robust late-night performance of Pam Gem's *Dusa, Fish, Stas, and Vi*, performed by an Aberdeen University group, which fitted in with the festival's chosen theme of "Women, Morality, and Society."

Most original of all the first week's fare was the mime group called Blik, made up of student engineers from Koszalinie in Poland, at the Playhouse: their double bill *Kantata* and *To Rise From The Dead* displayed powerful cohesion as well as much individual charm. Owing a great deal to Grotowski, also a Pole, whose uncompromising pioneer work has forced the actor back to relying more on himself and on the naked expressiveness of his body, this group specialises in combinations of the visually attractive and the repellent. Images of torment and horror abound in *Kantata* which conjure up memories of the Warsaw ghetto, as well as of Dante and Virgil wandering through the Inferno. But there are celebrative items too, as when a pair of girls wield a skipping rope and the rest join in: the group achieves here both precision of technique and a liberating feeling of joy.

In *To Rise from the Dead* is much more comic diversion, with elements of oriental theatre, such as a painted cloth stretched across the stage at shoulder level above which 24 hands armed with knives and forks mock their way through a pretended meal. But the overriding feeling remains poignant and sad: typical is the *Plaisir d'amour* number in which hunched shoulders shuffling gait and baggy clothing suggest an inner resilience among a people too often crushed and downtrodden.

More direct political passion was awoken by Michael Picardie's *Jannie Veldsman and his struggle with the Boer* (Burton Rooms), in which Veldsman, a coloured witch-doctor with a smattering of Freud, tries to help an Afrikaner policeman whose wife has sunk into an uncontrollable depression after bearing a child, for the off-white child revealed a possible touch of the tar-brush in the family genes. The shame has proved too much to bear and the couple have given away the child to adoption.

Veldsman, proceeding under barrage of threat and physical bullying, courageously leads the policeman into one brutal self-revelation after another by his attempt to make him unlearn his racism, and the play provides vivid and economical insight into the psychic distortions of racism. Briefly, later on, tenderness and understanding is awoken between Veldsman and his double-edged client, only to be destroyed as the policeman cannot ultimately embrace the means to cure both himself and his wife, and clams up again into his old prejudices.

While some moments of the second half become too historical and illustrative of the theme without developing it, as a whole Mr. Picardie's play (in which he acts the sympathetic Veldsman) is both well-plotted and moving, and it certainly merits a London showing. The production's pace is first-rate, and Terence Dauncey's portrayal of the Afrikaner is chillingly truthful.

The last major production of the Festival was Witold Gombrowicz's *Princess Ivona*. A forerunner of the Theatre of the Absurd, this was written in Poland in 1935, remaining unperformed until 1965 when in Lavelli's Paris production it showed strong affinities with contemporaries such as Ionesco and Adamov.

Now much of it seems dated as we have been through the absurdist stock-in-trade, and the irruptions of the surreal no longer have much power to shock. But even so, in Adrian Jackson's lively and attractive production, the first this play has been given in England, it makes for a worthwhile evening.

The story is that of a prince who feels himself to be so fortunate he decides out of charity to marry a dull, almost mute, girl of hideous appearance. By no means can she be persuaded to improve, and the prince tires of her, and he, his father the king, and his mother the queen all set out, unknown to one another, to kill her. Finally she is murdered by the ingenious method of being made to swallow a pike's bone.

Although the writing in places is a bit thin, the choice is absolutely right for an experimental club and Sue Wright as the grimacing mute lump of Ivona, Rick Kemp as the king, Jane Champion as the queen, and Jonathan Graham as the Hamlet-like prince, reaped a lot of well-deserved laughter.

Palladium

Cliff Richard by ANTONY THORNCROFT

"Cliff's Back" said the programme, and we saw a lot of it during this welcome annual return of the nicest veteran in the business. I don't know how many years Cliff Richard has bobbed around the country, with a Palladium week as a climax, but it was good to see him in such fine fettle on Monday. He is the essence of British show business, and after the phoney posturings of the Newley-Prowse bandwagon last week it was reassuring to be home.

From quite close in there is little sign of his 38 years, and he moves and sings with the enthusiasm of a stripling. He also puts on a show, complete with four lissom girl dancers and the odd solos from members of the troupe. There is dry ice, the occasional filmed sequence projected behind, and a strong back up group. Perhaps there is not the atmosphere of expectancy you get from a today star, but the final effect is very satisfying.

The first half was memory lane; the second brought us up to date, and suggested that the time is right for a Cliff revival. The tracks from a new album were bouncy, as is his latest hit "Green Light," put across with suitable accompaniments. The religious element was used sparingly, and concentrated on a nicely flip number, "The rock that does not roll."

For the main part this was a lovely lad with a decent voice straining to entertain and succeeding. I especially enjoyed his borrowings—"Do you want to dance" and Elton John's "My Song." I also liked his leather gear. All in all a pleasant evening, not perhaps reaching any peaks but very honest, workmanlike, and British.

Television

Meanwhile . . . by CHRIS DUNKLEY

The election has occupied so much time on television and consequently so much space in this column recently that a number of one-off programmes which would normally have commanded attention have been ignored and at least one whole series which has now ended has gone virtually without mention. A combined up-date on missed material and acknowledgement of some of the new programmes seems called for, starting with that overlooked series.

Agony from London Weekend had two weaknesses. First, with its format so very similar to *Rhoda* and *Phyllis* and its jokes and dialogue often sounding more east side than south bank, it was simply too American. Second the plot structure of the episodes—the agony columnist's stint at the office, the phone call from her Jewish mother, the radio phone-in, the visit from the neighbouring homosexuals and so on—was fixed early on and modified very little.

However, those of us who happen to admire and enjoy New York Jewish humour found those "weaknesses" all too attractive: *Agony* was easily the funniest English situation comedy to have turned up in years, and if imitation American happens to be the best we can do until another absolute original such as *Dad's Army* or *Porridge* comes along, so be it.

The wise-cracking (subtly but significantly different from the tradition of English gags) was of a very high order and occasionally the scripts by Len Richmond and Anna Raeburn were genuinely witty: a precious rarity in television humour. It is to be hoped and expected that the next batch of *Agony* is already on its way since Sunday night is much flatter without it.

Still, London Weekend is doing its best to supply an original comedy substitute with *End Of Part One* which has some nicely barmy ideas such as the hamburger joint run on a Macbeth theme—"Would you like eye of newt or toe of frog?" It is intent upon parodying television itself, a job which one series should always be undertaking.

ITV suddenly seems very strong on comedy because ATV has come up with *Turtle's Progress*, a series which pleasingly defies categorisation. It has the villains, the police, and the argot of a crime series but is less concerned with thrills than humour. Yet it is clearly not a standard half-hour sitcom: episodes run for an hour, the characterisations in Edmund Ward's highly accomplished scripts are not only strong but subtle, and Turtle himself (played by John Landry—spot-on casting) is a true original: a cheerfully cowardly crook with the mind and habits of an efficient bureaucrat. It adds up to that rare phenomenon, a television programme which makes the sacrifice of a summer evening worthwhile.

Conversely there are at least two new "comedy" series which are so dreary and derivative that they make lawn mowing or painting the fence seem enticingly unusual: London Weekend's *Lovely Couple* and BBC1's *Two Up Two Down* both seek to squeeze something new out of the desperately overworked subject of the young married (or engaged) couple. Both fail. Thames's *Chalk and Cheese* is certainly different in having such an objectionable central character, and that it will yet prove to have values other than Michael Crawford's rating appeal is still conceivable, but only just.

Peter Tinniswood's *I Didn't Know You Cared*, so wonderfully fresh and idiosyncratic in its first series, has only the idiosyncrasy left in the new series and that is becoming tediously repetitive. Unfortunately the central joke—that every man in the cast combines misogyny and impotence—does not stretch very far.

Four one-off documentaries have passed without the notice they deserved: *Behind The Scenes at Covent Garden* and *Unlocked Flows the Thames* from BBC1, *A Walk in the Lake District* from Border TV, and *Roll Your Own Revolution* from BBC2. All four were well-crafted conventional pieces of work, all four benefited from using named reporters, and collectively they proved that despite the deserved popularity of verité series and dramatised documentaries, the good solid old fashioned documentary is far from dead.

Anthony de Lotbinière's fond view of the backstage conditions at Covent Garden showed what a spur to excellence adversity can be, and should be considered carefully by all those who want the Garden to follow the National down the road from cramped quarters (Old Vic) to spacious modern convenience (NT on the South Bank). Like so many others before it, the programme gained greatly from watching people who are good at their jobs and who love their work.

Jenny Barraclough's documentary about the Thames and the docks had a useful and endearing tug captain in the same category. The programme was, moreover, a visual banquet for those of us who love the river. However, its pessimism about the river's future contrasted interestingly with Andrew Holmes' optimistic programme *Dockland Rules OK*. Perhaps that is what plural broadcasting means.

With *A Walk in the Lake District* Border TV proved that you don't have to be a giant network company to make good documentaries, and reporter Hunter Davies proved that no amount of expert research work is a substitute for the knowledge and genuine concern of an enthusiast.

For the most unusual of the four documentaries Shirley Fisher took sociology's only TV star—Laurie Taylor—and got him to recount and analyse the events of the American youth-led revolution of the 1960s using events at Berkeley as his paradigm. The result was fascinating and frustrating. Fascinating because it dealt as only television can with such recent history, and frustrating because—as usual—it was set overseas. On the day that people such as Taylor start dealing with Sussex and Keele as well as Nanterre and Berkeley, television will have started to grow up. René Cutforth's *Fifties Revisited* on BBC-2 brought back many memories and successfully revived atmospheres. But it lacked the political edge of *Roll Your Own Revolution*.

Most of the drama which has been overshadowed by the election deserves to stay that way. Far too much of it looks as though it has been written by dropouts from the underground Press of the Berkeley era and directed by trainee social workers. The very title of London Weekend's series about a council children's home speaks volumes since it is the term adopted by lower middle class do-gooders who want to sound egalitarian and curry favour with the young: *Kids*.

At the opposite end of the social spectrum BBC-1's production of Noel Coward's *Design For Living* was that rare phenomenon, a British television play notable for thoroughly bad acting, particularly from the leading lady.

Only *A Family Affair* from that practised professional N. J. Crisp looks like a real lulu. It features a large middle-class family, a real Thatcher outfit, but with the patriarch facing crisis—and how! In Episode 1 he talked his future daughter-in-law back into her wedding dress, was betrayed by his trusted colleague, lost his senior executive post, was discovered by his daughter in the flat of his secretary/mistress, and then learned his daughter was leaving home—all in one afternoon. Combining the attractions of *The Brothers* and *Bouquet of Barbed Wire* and with Barry Foster leading in a rôle which suits him better than Van der Valk, how can it miss?

Among the non-fiction series *Omnibus* continues on its lack-lustre way, last week's offering managing the interesting feat of making the Punch lunch seem gauche and embarrassing, and all newspaper cartoonists seem either fey or bitter or both, which to my knowledge they are not.

Brass Tacks has returned with an interesting innovation in public access which combines national television and local radio, but offers as raw material only the same irresponsibly sensational nonsense which we grew to distrust in its previous series. The BBC should be thoroughly ashamed of the journalism on this programme, and we shall have to keep a very close eye on it.

Newsweek at the opposite extreme on BBC2 sustains an exemplary school of journalism as evidenced in its programme on nuclear safety last week. It may be objected that *Newsweek* is aiming for quite a different audience, but then the choice is not inevitably between responsible small audience journalism and sensational big audience journalism as *World In Action* proved years ago by managing responsible big audience journalism.

Three other new BBC factual series have proved highly enjoyable: *Making A Bob Or Two*, *Living Legends*, and *The Genuine Article* and to these I hope to return.

Jeremy Bulloch, Maureen Lipman and Peter Denyer in 'Agony'

UK NEWS — PARLIAMENT and POLITICS

The Queen (left) reads her speech from the throne in the Lords; Mrs. Thatcher waits in the Commons with her Cabinet for the State Opening of Parliament.

Commons becomes House of Correction

By Philip Rawstorne

MRS. Margaret Thatcher laid down the law to the Commons yesterday with the same relentless vigour with which she promised to tackle crime.

There had been too much political delinquency over the past five years, the Prime Minister asserted.

The Labour Government had behaved like financial vandals, economic hooligans; companies had been coerced and individuals oppressed.

"Socialist ideology has blotted out common-sense and economic realities," Mrs. Thatcher declared, forcefully over-riding interruptions from the bemused but unrepentant Labour MPs.

From now on, one gathered, this was going to be a House of Correction.

The Queen had donned the Imperial State Crown when she graciously outlined the first session's reform programme.

Mrs. Thatcher took off her pink hat to emphasise her total commitment to a five-year course of treatment.

There was to be no back-sliding, she declared. No more lounging about the street-corners of politics. "The path we now take is the path the people have chosen," Mrs. Thatcher said.

Having hectored the Commons on its past sins, Mrs. Thatcher lectured it at length on its future salvation.

She promised monetary discipline, public spending cuts, and new rules for the unions. The National Enterprise Board would be chained; state industries pruned.

Some Tories began to wilt slightly under the incessant and energetic driving. But Mr. Callaghan looked positively exhausted before it began.

His laconic approach to the new regime—"a brief interruption to the forward march" — gradually lapsed into the lackadaisical.

Offering to stimulating alternative but plenty of well-worn election phrases, he wearily dismissed the Tory dreams as Utopian.

Utterly naive, he said, to think that a few pence off income tax and the reintroduction of pay beds was going to result in a great upsurge in employment and productivity.

These were the delusions that sprang from the crackpot notions of Sir Keith Joseph—"that Doctor Strangelove of the economic world."

Confident Thatcher spells out priorities

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IN HER first major Commons speech as Prime Minister, Mrs. Margaret Thatcher yesterday outlined what she termed "a programme of action" for the next 17 months of her Government.

Winding up a self-confident performance, she told the House that the Conservatives' priorities were to restore the balance of the economy and the balance between the individual and the State, to promote freedom and defend Britain's interests wherever they were challenged.

"These are the policies we submitted to the people," she said. "The path we now take is the path the people have chosen."

Among her proposals were the abolition of the Price Commission and the introduction of legislation on trade union reform before Christmas.

She said a strong and responsible trade union movement must play a big part in the country's economic recovery.

Industrial disruption last winter had several causes — too little growth, high marginal rates of taxation, rigid pay controls and the extension of trade union power and privilege through Labour Government legislation of 1974 and 1976.

The Government would be introducing a Bill to make three changes in the existing law.

● The right to picket would be limited to those in dispute picketing at their own place of work.

● The law on the closed shop would be amended so that those arbitrarily excluded or expelled from many unions would be given the right to appeal to a court of law.

● The right of existing employees and those with personal convictions against joining a union would be protected. There would be full compensation for those who lost their jobs because of the closed shop.

In addition, there would be public funds for union elections and other important decisions.

Mr. Denis Healey, former Chancellor, intervened to ask whether the Government still proposed to "rob" the families of strikers by cutting back their social security payments.

Mrs. Thatcher replied that no-one was proposing to rob them. There were loud Tory cheers as she went on: "We are entitled to expect the union funds of those who go on strike to make a bigger contribution, as they do in many other countries."

She said the proposal was not specified in the present Queen's Speech. But it had to be remembered that the Speech covered only one year and there were four more years for the present Government.

She thought the proposal could be covered in the well-known Commons phrase: "Other measures will be laid before you."

She pointed out that Mr. James Prior, the Employment Secretary, would be discussing the Government's legislative proposals with the unions. It was hoped to introduce the Bill before Christmas, thus "restoring the balance between the power and responsibility of trade unions."

On the economic front, the Government would bring forward measures to amend those parts of the Employment Protection Act which discouraged firms from creating new jobs.

There would also be measures to reduce the damaging consequences of existing price controls and to increase competition. This would increase the power of the Director-General of Fair Trading and the Monopolies and Mergers Commission to deal with prices in conditions where competition was limited.

The Director-General of Fair Trading would also be empowered to examine the abuses of monopoly power by nationalised industries.

The new Government had carried out a review of the workings of the Price Commission. The impact of the Commission had been negligible—it had destroyed jobs and new investment as well as imposing extra burdens on industry.

Therefore, the Bill strengthening competition would also provide for the abolition of the Price Commission. The Trade Secretary, Mr. John Nott, would be giving details soon.

The Prime Minister repeated her promise that the Government would give top priority to cuts in direct taxation. She hoped this would benefit those on low earnings, those on differentials, and those on management earnings.

The first step was to restore incentives by reducing the excessive burden of tax, and the Chancellor, Sir Geoffrey Howe, would make a start on this when he introduced his Budget, which she confirmed would be on June 12.

The intention was to increase the size of the free enterprise sector and restore the growth of the economy. A start would be made by reducing the size of the public sector and making economies in public spending.

The role of the National Enterprise Board would be examined, and it would be required to dispose of certain holdings in profitable companies.

The Industry Secretary, Sir Keith Joseph, would be bringing forward proposals during the present session to amend the Industry Act of 1975.

"We see no justification for extending public ownership through the NEB into profitable areas of manufacturing industry," said the Prime Minister.

Turning to foreign affairs, she said the Government welcomed the changes that had taken place in Rhodesia as a result of the recent elections and the emergence of an African majority government.

Her Government's intention was to build on that chance. A senior official of the Foreign Office had been sent to Salisbury this week for discussions with Bishop Muzorewa.

There would be a need to consult many people in the coming weeks, including our EEC partners and the Commonwealth Heads of Government.

Mr. Vance, the U.S. Secretary of State, would be here next week for talks with the Foreign Secretary, Lord Carrington.

Mrs. Thatcher had already seen Lord Boyd, who headed the Tory team of observers at the recent Rhodesian elections.

They were completing their report and she expected to have it today. It was hoped to publish it.

"We must and will recognise the realities of the present situation in Rhodesia," she told the House. "We must and will take into account the wider international implications.

"I assure the House that we intend to proceed with vigour and resolve on this issue."

Mrs. Thatcher reaffirmed the importance which the Government attaches to Britain's role in European defence.

It was intended to ensure that Britain's nuclear force would not be a factor which a potential aggressor could ignore.

"We shall not undermine the Community. We shall make it better able to serve the common interest and be fair, just and reasonable to all its members."

Divisions will start early next week

By Richard Evans, Lobby Editor

THE FIRST divisions of the new Parliament will come at the end of the debate on the Queen's Speech next Monday and Tuesday, following an Opposition decision last night to table amendments on industrial policy and on the economy.

The programme for the remaining five days of the Queen's Speech debate is:

Today: Education, health and social services. Mr. Mark Carlisle, Education Secretary, and Mr. George Younger, Scottish Secretary, for the Government. Mr. Roy Hattersley and Mr. Bruce Millan for the Opposition.

Tomorrow (Thursday): Housing and local government. Mr. Michael Heseltine, Secretary for the Environment and Mr. John Stanley, Minister of Housing for the Government. Mr. Peter Shore and Mr. Merlyn Rees for the Opposition.

Friday: Foreign affairs Sir Ian Gilmour, Lord Privy Seal, and Mr. Peter Walker, Minister of Agriculture, for the Government. Dr. David Owen and Mr. John Silkin for the Opposition.

Monday: Industrial policy and employment Sir Keith Joseph, Secretary for Industry, and Mr. James Prior, Secretary for Employment for the Government. Mr. Eric Varley and Mr. Albert Booth for the Opposition.

Tuesday: Economy, pay, prices. Sir Geoffrey Howe, Chancellor, and Mr. Norman St. John Stevas, Leader of the Commons for the Government. Mr. Denis Healey and Mr. Michael Foot for the Opposition.

A CENTURIES-OLD tradition was broken in the Commons yesterday when Mr. George Thomas, the Speaker, announced that the Queen's Speech, read in the Lords in the morning, would not be read out again in the Commons before MPs debated it.

THE START of the debate on the Queen's Speech was halted briefly by an incident in the public gallery. While Mr. Kenneth Baker (C. St Marylebone), was seconding the loyal address, a diminutive woman was suddenly dragged out of the gallery by the messengers —ex-servicemen noted for their efficient supervision of the Commons. The cause of the disturbance was unclear.

Callaghan predicts delays in 'Utopian' Tory plans

BY IVOR OWEN

IF A RETURN to spiralling inflation is to be avoided, the large "catching up" pay settlements in the public sector must not be used as the foundation for new private sector claims, Mr. James Callaghan warned yesterday in his first speech in the Commons as Leader of the Opposition.

He urged Mrs. Margaret Thatcher and her new Conservative Government to seek to reach an accommodation with the TUC on incomes policy.

Mr. Callaghan forecast that cuts in income tax were unlikely to influence the level of wage claims, especially if the annual rate of inflation were to be accelerated by accompanying increases in VAT and other duties.

He questioned how long the Government would be able to maintain its preference for non-intervention in private sector wage bargaining, if settlements of 15, 20 or 25 per cent were to become the pattern.

The Labour leader also warned that the Government's action in meeting the "post-dated cheques" issued for the police and the armed forces might produce increased demands from other public sector claimants.

He contended that this strengthened the case for retaining the Comparability Commission introduced by the last Government.

Amid laughter and cheers from the Opposition benches, he asserted that some of the extravagant claims made by the Conservatives during the election campaign suggesting that the formation of a Government by Mrs. Thatcher would lead to a rapid return to some Utopian state of greatness and bliss were now being seen in a different time scale by Ministers.

Mr. Callaghan insisted: "It is utterly naive to believe that cuts in income tax, the abolition of the Price Commission in a fit of spite, the reintroduction of pay beds, and bringing back the Eleven Plus in some form, is going to result in a great upsurge in employment, productivity and a united country."

"This delusion can only be the result of following the crackpot notions of that Dr. Strangelove of the economic world, Sir Keith Joseph, the Industry Secretary."

In a passage which reflected Labour chagrin at losing the election, Mr. Callaghan accused the Conservative leadership of basing its appeal to the voters on a "what's-in-it-for-me?" approach.

Against this background, he said, Sir Geoffrey Howe, the Chancellor, must reduce income tax by at least 3p when he introduced his June 12 Budget. Otherwise he would make a mockery of all those who had voted Conservative.

If tax cuts were financed by selling off profitable publicly-owned industries, it would be a return to the asset-stripping—featured in the just-published report on Dowgate and General Investments—which was such a characteristic of the last Conservative Government.

"Anything less will bring small benefit to most people," he said.

Tory backbenchers scoffed when Mr. Callaghan maintained that it was "rubbish" to speak of the new Government having inherited an appalling rate of inflation. It was lower than when the last Conservative Government left office in 1974, he insisted.

The new Government had an overall majority, and there could be no Parliamentary excuses if it failed. The only question was whether it had the talent.

With so many claimants for office among backbench Tory MPs, it was extraordinary that the Prime Minister had appointed so many of her Ministers from the Lords.

Mr. Callaghan spoke sombrely of the prospect of a renewed world recession as a result of the latest increase in oil prices.

"More jobs are going to be at risk in the next 12 months than there have been so far," he said. World unemployment was likely to be as big a problem in the 1980s as inflation had been in the 1970s.

He forecast that the Government will find it necessary to intervene on a bigger scale than that indicated by the proposals in the Queen's Speech.

Mr. Callaghan returned to his election campaign charge that the new legislative requirements to be imposed on the trade unions were "cosmetic."

There would be more chance of making progress on the necessary reforms through voluntary undertakings secured from the TUC, he said.

Meanwhile, he advised Mr. James Prior, the Employment Secretary, to proceed slowly with the promised consultations with the TUC.

Mr. Callaghan also counselled caution by the new Government in according diplomatic recognition to the regime in Rhodesia

Foot still Labour deputy leader

BY OUR LOBBY STAFF

MR. MICHAEL FOOT was confirmed yesterday as Deputy Leader of the Labour Party.

Jostling over who should occupy the key positions in Opposition entered its second stage. Nominations closed yesterday for three of the top jobs and since no one else was put forward to oppose Mr. Foot he was automatically re-elected.

The Left, which traditionally regards Mr. Foot as one of its heroes, did, however, decide to contest the two other jobs — though not with much hope of beating the Establishment candidates.

Mr. Michael Cocks, who was chief whip while Labour was in Government, was challenged for the job in Opposition by Mr. Michael Flannery, the vice-chairman of the depleted Tribune Group and a man with a voting record which has not always endeared him to the whips.

At the same time, the Tribune Group also fielded a challenger for Mr. Cledwyn Hughes' old job as chairman of the Parliamentary Labour Party.

Mr. Norman Buchan, who unsuccessfully stood against Mr. Hughes in the last PLP election, is this time to contest the job with Mr. Fred Willey, who as both the candidates of the centre and, as the existing vice-chairman of the Parliamentary Party, was the man expected to get the job.

Mr. Buchan is a mainstream leftwinger and is well regarded by some non-Tribune MPs.

Nevertheless, the left's position has been weakened by the election and the general assumption is that Mr. Willey will get the job which, in Opposition, guarantees him a seat in the Shadow Cabinet.

Queen outlines programme of the Conservative Government

I look forward with great pleasure to receiving the President of Kenya on a State visit in June and to paying State visits to Denmark this month and to Tanzania, Malawi, Botswana and Zambia in July. I also look forward to being present on the occasion of the Commonwealth Heads of Government meeting in Lusaka at the beginning of August.

My Government will take steps to improve the security of the nation and to strengthen our contribution to the North Atlantic Alliance on which our defences are based. They will immediately restore and thereafter maintain the pay of servicemen at the levels of their civilian counterparts. They will maintain the effectiveness of Britain's nuclear deterrent. At the same time they will work for greater stability in East-West relations.

They welcome the fact that progress is being made towards real measures of arms control and intend to play their part in this work.

My Government affirm their strong commitment to the European Community. They intend to play a full and constructive part in its further development and enlargement and in the co-ordination of the foreign policies of member states.

They will seek to make significant improvements in the operation of the Common Agricultural Policy in the interests both of the United Kingdom and of the Community as a whole, and they will work for an agreement on a Common Fisheries Policy which takes account of the need to conserve stocks and the interests of our fishermen.

They will press for a fairer pattern of budgetary and resource transfers in the European Economic Community. They welcome the development of the European Monetary System and will consider afresh the question of the participation of the United Kingdom in its various aspects.

My Government confirm their commitment to the Commonwealth and the United Nations. They will play an active part in the peaceful and just settlements of disputes between nations. My Ministers will have regard to the need for trade with, and aid to, the developing countries.

Every effort will be made to end the conflict in Rhodesia and to bring about a lasting settlement based on the democratic wishes of the people of that country.

My Government will co-operate fully in endeavours to achieve a just and comprehensive settlement in the Middle East and to bring peace to all the peoples of the region.

Members of the House of Commons: Estimates for the public service will be laid before you. My Government will give priority in economic policy to controlling inflation through the pursuit of firm monetary and fiscal policies. By reducing the burden of direct taxation and restricting the claims of the public sector on the nation's resources they will start to restore incentives, encourage efficiency and create a climate in which commerce and industry can flourish. In this way they will lay a secure basis for investment, productivity and increased employment in all parts of the UK.

My Government intends to achieve a fair balance between the rights and duties of the trade union movement. They will encourage responsible pay bargaining and the wider participation of the great majority of members in the affairs of their unions. Legislation will be brought before you to amend the law on picketing and the closed shop, and to provide for financial aid for postal ballots.

My Government will publish proposals for more effective competition and fair pricing policies.

Proposals will be brought forward to amend the Industry Act 1975 and to restrict the activities of the National Enterprise Board. Other proposals will reduce the extent of nationalised and State ownership and increase competition by providing offers of sale, including opportunities for employees to participate where appropriate.

My Government will stimulate the development of small businesses on which the creation of new jobs so heavily depends. Means will be sought to reduce the administrative burdens which are placed upon them, and they will also benefit from my Government's general policies on taxation, industrial relations and related employment legislation.

Legislation will be introduced to amend company law.

My Ministers will seek to secure that UK agriculture and the food-processing and distributive industries have an opportunity to compete on fair terms and to make their full contribution to the economy.

In Northern Ireland my Government will strive to restore peace and security and to promote the social and economic welfare of the Province. They will seek an acceptable way of restoring to the people of Northern Ireland more control over their own affairs.

My Ministers will propose the repeal of the Scotland Act 1978, and all-party discussions will be held about the devolution of power from Westminster. Measures will be introduced to make reforms to criminal procedure and criminal justice in Scotland.

My Ministers will propose the repeal of the Wales Act 1978. They will give active support to the maintenance of the Welsh language and will seek an early start with Welsh broadcasting on the fourth television channel in Wales.

My Government are committed to reinforcing respect for the law in all parts of the UK. They will give full support to the police service and will take steps to ensure that the law is enforced more effectively. They will support and improve the prison system and look forward to receiving the recommendations of the Committee of Inquiry into the Prison Services in the UK. Legislative proposals will be brought forward to strengthen the powers of the courts in England and Wales in relation to young offenders and juveniles.

Members of the House of Commons will be given an opportunity to discuss and amend their procedures, particularly as they relate to their scrutiny of the work of Government.

My Government will introduce measures on housing which will include provisions for local authority and new town tenants to have the right to buy their homes, a Tenants' Charter for those who are local authority, new town and housing association tenants, and provisions to encourage short-term private lettings.

Legislation will be introduced to promote greater efficiency in local government, including regulation of the activities of local authority direct labour organisations.

The quality of education will be maintained and improved. Legislation will be introduced to remove the compulsion on local authorities in England and Wales to re-organise their schools on comprehensive lines, and their freedom to take up places at independent schools will be restored.

Legislation will be introduced to ensure that parents' wishes are taken into account in the choice of schools for their children and that there is a local appeals system; it will also make provision for assistance to less well off parents whose children would benefit from attendance at certain non-maintained schools.

My Government will continue to support the arts and will bring forward proposals to safeguard our national heritage of historic buildings and artistic treasures.

Pensions, war pensions and other social security benefits will be increased in November, and legislation will be introduced to provide for the payment of a Christmas bonus to pensioners. Ways will be sought to simplify the operations of the social security system.

My Ministers will work to improve the use of resources in the National Health Service and to simplify its administration. A Bill will be introduced to facilitate the wider use of private medical care.

Measures will be introduced to amend the law on nationality and to make changes in the control of immigration.

Proposals will be brought before you for the future of broadcasting. A Bill will be introduced to extend the life of the Independent Broadcasting Authority, which will be given responsibility (subject to strict safeguards) for the fourth television channel.

A measure will be introduced to replace the provisions of section 2 of the Official Secrets Act 1911 with provisions appropriate to the present time.

A Bill will be brought forward to amend the law of contempt of court.

My Ministers will take steps to improve the quality of the administration of justice and to promote reform of the general law.

Other measures will be laid before you.

MRS. THATCHER'S PROGRAMME

EDUCATION

Teachers pose the first problem

DISRUPTIVE ACTION by unions representing 450,000 teachers in schools and colleges gives particular point this year to the standard promise in the Queen's speech that the "quality of education will be maintained and improved."

The dispute over the 36.5 per cent claim for schoolteachers in England and Wales is not just the priority problem for Mr. Mark Carlisle, Secretary for Education and Science. It is also a knotty problem. About 258,000 members of the National Union of Teachers have withdrawn from non-teaching work in pursuit of all-round improvements to the offer by the Burnham Committee employers' panel of which 25 members come from local authorities, and two from Mr. Carlisle's Department.

The offer consists of two main elements. One is an increase of 9 per cent—8.7 for straight-forward rises, 0.3 for changes to the pay structure—backdated to April 1. The other is a reference to the Pay Comparability Commission, with any award paid half from April 1980 and half a year later.

Before the election the local authorities and the Burnham unions' panel, which is controlled by the NUT, agreed that the Comparability Commission should be instructed to have regard in its study to the generous pay relativities accorded to teachers by the 1974 Houghton Report. The previous Government, however, feared that such a tied reference might become a precedent whereby other workers would use the commission to "update" the most favourable relativities previously recommended for them. Thus the Labour Government suspended the teachers' pay talks, sparking the disruption which Mr. Carlisle now needs to settle.

He has meetings scheduled for today with Mr. Fred Jarvis, general secretary of the National Union of Teachers (NUT), and with the Burnham employers' panel. Whether or not these meetings can produce a sufficiently improved offer will depend on the new Government's view on the future of the Comparability Commission, and on the Cabinet's willingness to add to the £225m. extra public spending already entailed by the 9 per cent backdated increase.

But improvements would not satisfy the 112,000-member National Association of Schoolmasters and Union of Women Teachers, which is opposed to a reference to the Comparability Commission. The NAS-UWT is working a five-hour day, demanding that the pay dispute be sent to normal arbitration.

Since this has not been ruled out by the NUT, arbitration would seem the most likely solution to Mr. Carlisle's most urgent problem. The remedy he adopts for the schoolteachers' dispute will probably determine his approach to the other work-to-rule being staged in polytechnics and colleges by the 70,000-member National Association of Teachers in Further and Higher Education, which is claiming a 28 per cent increase.

The Speech indicates, however, that before the pay disputes are settled, the new Government will introduce a Bill and make a formal statement withdrawing the pressure on local education authorities to change to fully comprehensive secondary schooling. The Conservative-controlled councils of Essex, Bolton and Lincolnshire have already anticipated this withdrawal by announcing their intention of preserving their combined total of 30 grammar schools.

What will happen in the case of about 275 other selective schools of the grammar type which still remain in the State sector south of the Scottish border will depend on the individual decisions of local authorities. But at present it looks likely that about 200 will be preserved at least temporarily under the new Government's measure. The reverse process of breaking up comprehensive-school systems so as to resurrect former grammar schools will not be sanctioned by the coming Bill.

Delay is certain before the introduction of the other educational measures indicated by the Speech. An interim step will be legislation to enhance local education authorities' powers to close schools so as to cope economically with the reduction of pupil numbers consequent upon the fall in the birth rate.

An attempt will be made to protect parental choice of school by setting up local tribunals to hear appeals from parents. This legislation will probably be broadly similar to that proposed by Labour in the 1978 Education Bill, which was overtaken by the General Election.

Fulfilment of the Conservatives' other main educational promise—an assisted-places scheme to revive the former semi-independent sector of direct-grant schools—is likely to take even longer.

The new Government is pledged to protect the revived direct-grant schools from a second peremptory abolition, by passing an Act providing for parents with children at such schools to receive financial aid on a means-tested basis. The necessary legislation could hardly be completed until 1981 even if, by then, the extra £57m required for the scheme were available from the Treasury.

Michael Dixon

DEFENCE

Options for an updated nuclear deterrent

THE MINISTRY of Defence is expected soon to begin an intensive study into the various methods of maintaining an effective strategic nuclear deterrent in the 1990s and beyond, when the existing Polaris missile-carrying submarines become too old to continue in service.

This is implicit in the Queen's Speech, which pledged the Conservative Government to "maintain the strength" of the independent nuclear deterrent.

The four Polaris submarines—Resolution, Repulse, Renown and Revenge—each carry 16 Polaris nuclear missiles. Between them, they provide a continuous patrol as the UK's contribution to NATO's strategic nuclear umbrella.

The MoD study is expected to consider a variety of possible options, including:

● Continuance of a submarine-launched deterrent, which could involve either modernising both the existing submarines and Polaris missiles, or developing new versions of both, or buying new systems from the U.S.;

● Reverting to an air-launched deterrent, in the form of some type of Cruise Missile, or other air-to-ground rocket system; and

● Developing some form of ground-to-ground rocket system.

Restrictions under SALT II on the transfer of Cruise Missile technology from the U.S. to its allies does not worry the UK unduly as it has the technology to develop a UK Cruise Missile system for itself.

If the UK decided to adopt a new sea-launched missile system, the cost might be rather higher, because of the need to build new submarines and missiles that would be adequate to cope with advances in anti-missile technology through into the next century.

The cost-effectiveness and industrial complexities of all these options will be examined by the MoD, but an early completion of the study is regarded as essential, so that whatever option is preferred the detailed planning can begin as soon as possible.

In other areas of defence, the reaffirmation of the UK's continued commitment to NATO will be welcomed by other members of the alliance, as well as in the armed forces themselves.

There were several severe criticisms during Labour's period of office of how the armed forces were being allowed to run down, and it is now hoped that more cash will be spent to bring the forces in Germany back up to required strength, and to ensure that they do not fall below that in future.

The new Government has already brought forward the award of the final 8.3 per cent pay rise to bring armed forces' pay up to full comparability with civilian life—so that from last April 1 the forces will be getting the full 32.5 per cent needed to achieve that position.

In addition, the UK is increasingly concerned about the build-up of Soviet conventional forces, and the weakness of the UK home defence through years of neglect. While several steps have already been taken, such as increasing the aerial tanker force, other measures, such as an increase in the number of fighters allotted to the air defence of the UK, are still being studied.

While a strengthening of the capability of the UK forces is envisaged, the Government remains convinced that in the longer-term some effective form of arms control is desirable, and it will continue to support SALT, Mutual and Balanced Force Reductions (MBFR) and a Comprehensive Test Ban treaty on nuclear weapons.

Michael Donne

PUBLIC AND PRIVATE HEALTH SERVICE

Better use of existing resources

IN ITS commitment to make better use of existing National Health Service resources while encouraging private medicine the Government is attacking one of the key problems facing the Health Service—a demand for health care which has outstripped supply in the public sector.

The Government's proposals, contained in the Queen's Speech yesterday, were both brief and to the point. They meet the Party's manifesto pledges while providing a glimpse of the new ideological approach Mr. Patrick Jenkin, Social Services Secretary, has brought to the Department of Health and Social Security.

The Government faced very little choice if it wanted to improve primary health care while remaining within the very limited real growth in expenditure allowed by the last Public Expenditure White Paper.

The problems of the NHS are numerous but they are all essentially connected with the distribution of resources. The Health Service is now Britain's largest employer with about 800,000 staff. With Social Security, the Health Service now commands the largest slice of public expenditure. Total public expenditure on health and personal social services was set at £8,406m in 1979/80 with average expenditure expected to rise by 1.9 per cent per year to 1982/83. The Conservatives are committed to maintaining this level of expenditure.

However while resources are limited the demand for health care shows no signs of slackening off. Last year's department of Health and Social Security report showed that in 1977 a record 5.34m in-patients were treated in NHS hospitals.

The administrative "tail" of the service has continued to grow—in part as a result of the 1974 re-organisation of the NHS—diverting scarce resources away from primary health care to the maintenance of the bureaucracy itself. Seventy per cent of NHS expenditure is on manpower and in 1977 there were almost four times as many administrative and clerical staff as there were family doctors.

With the rapid growth in the bureaucracy and the limits on available resources has come a growing membership—and militancy—among the health service unions. To the outside observer it might seem that the fundamental objective of the NHS, namely to provide basic health care for all, was lost in the unprecedented industrial action witnessed last winter. Even the professional doctors' union, the British Medical Association, has been forced to take a more militant stance in defence of its members' interests—and their differentials.

One solution to the present sorry state of industrial relations would be to restore faith in the established pay review procedures. In relation to the doctor's independent pay review body the Conservative Government already appears to be moving in this direction.

Fundamentally Mr. Jenkin sees the problem in the NHS as a problem of staff morale. There is little doubt that the conclusion of "no-strike" agreements with certain key sections of the NHS staff would help improve morale. The greatest area of uncertainty however remains the growing strength of the ancilliary staff who numbered over 170,000 in 1977.

The funding of the NHS is another area which will be covered by the Royal Commission report. The Conservatives argue that additional public resources can only be made available to the NHS—over and above levels provided for in the White Paper—if and when the performance of the economy improves.

The Party would also be in favour of some move towards a greater reliance for NHS funding on the insurance principle although once again the Government will want to await the Commission's report.

The other potential area for easing the pressure on the NHS identified by the Government is the promotion of private health care insurance schemes. Private beds in NHS hospitals have been reduced from 3,444 in 1977 to 2,819 at the beginning of 1979 through the Health Services Board, set up by the last government to oversee the phasing out of paybeds in the NHS.

At the same time the demand for private health care has continued to grow. Total membership of the three largest private medicare firms, British United Provident Association, Private Patients Plan and Western Provident Association, grew 6 per cent last year to 1.12m.

Taking account of the "family factor" and multiplying this figure by 2.1 to allow for wives and children who are covered by husbands' employers under group schemes the total number of people covered by private medicare schemes is expected to top 2.5m this year while the total premiums reach about £100m.

It is unlikely that the new Conservative administration, which intends to amend the 1976 Health Services Act, would want to expand the number of private beds in the NHS since this could undermine recent, and substantial, investments in the private sector.

Instead the Conservatives favour restoring tax relief of employer-employee medical insurance schemes and halting—but not reversing—the work of the Health Services Board. This will undoubtedly relieve some of the pressures on resources in the NHS but it is difficult to estimate the net savings.

Paul Taylor

DEVOLUTION AND LOCAL GOVERNMENT

All-party conference promised

NO ONE will be surprised that the Government has decided to repeal both the Scotland Act and the Wales Act, the measures which would have provided for devolved assemblies in Edinburgh and Cardiff.

The Conservatives—aided by a small but influential section of the Labour Party—fought both measures strenuously through long sittings in the Commons and were to a large extent vindicated when the referendums were held.

Wales voted massively to have nothing to do with devolution, and, although the vote eventually went in favour in Scotland by a very narrow majority, it was only carried on a two-thirds poll. Those supporting the measure constituted a minority of the total electorate—not a satisfactory basis for a measure of major constitutional reform.

The Scottish National Party reacted angrily to the news; Mr. William Wolfe, the party chairman said it was an act of treachery.

Had a Labour Government been returned at the General Election, it is probable that it would have left the legislation on the statute book, hoping the climate of opinion might have changed sufficiently in the years to come to have had another stab at devolution. Such a course was always a non-starter with the Conservatives, because the party played a leading role in both countries in opposing any fundamental change in the relationship between Westminster and the regions of Britain.

The Conservative Party is not, however, averse to rethinking how that relationship might be improved within the unity of the United Kingdom. Mr. Francis Pym, when he was leading the Conservative opposition to both Bills in the Commons gave considerable thought to the subject and devoted major speeches at St. Andrews, Edinburgh and Manchester on how a unified Britain might best function.

Although he is no longer responsible for devolution since his elevation to Secretary for Defence, it is clear that his ideas have prospered within Government. The Queen's Speech gave an assurance that an all-party conference will consider how Scotland, and presumably Wales, might assume a greater role in the direction of their own affairs.

A large number of moves have been made in this direction in recent years. The Scottish Grand Committee of MPs meets in Edinburgh. Wales got a Secretary of State with Cabinet rank in 1964, and both the Scottish Office in Edinburgh and the Welsh Office in Cardiff are administrative centres of major importance.

Some further progress along these lines could take place without endangering the unity of the UK, but the usefulness of an all-party (and non-party) conference would depend on the remit given it and the composition of its members.

Anthony Moreton

IMMIGRATION

Opening up an old controversy

THE BRIEF allusion in the Queen's speech to proposed changes in immigration procedure, and on amendments to the nationality law, will, it is presumed, usher in a range of measures based on the relatively detailed pledges on immigration and nationality contained in the Conservative manifesto.

On that assumption, the sentence from the speech—"Measures will be introduced to amend the law on nationality and to make changes in control of immigration"—has already attracted warning shots from the three major organisations concerned with immigrants and race relations, the Commission for Racial Equality, the UK Immigrant Advisory Service and the Joint Council for the Welfare of Immigrants.

On nationality, the Conservative manifesto says that "our nationality and citizenship laws must be reformed so that only people with a close and proven relationship with this country are allowed to settle here permanently."

This pledge is apparently in line with official opinion, which is that the British Nationality Acts passed between 1948-65, which confers citizenship of the UK and the Colonies on many who have no connection with Britain and no right of settlement, are now out of date.

A measure to "de-nationalise" many of these people, which might be embodied in a British Nationality Bill setting out a clearer definition of who is a British subject would be likely to be uncontroversial. A Green Paper of 1977 suggested that citizenship would best be defined by birth, registration, naturalisation, descent or residence.

Possible moves on immigration would be likely to be more open to disagreement. The manifesto commits the Conservative Government to the introduction of a register of Commonwealth dependants; to bringing in an across-the-board quota to control entry from any country except the EEC; to discontinue concessions to husbands and male fiances (though special cases would be considered); to restrict further the issuing of work permits; to ban permanent settlement to those who arrive for a temporary stay, as tourists or students; to restrict entry of aged parents and children over 18 to those proving urgent compassionate grounds; to tighten up on illegal immigration and to help financially those immigrants who wish to return to their native country.

The dependants' register, which was mooted in the report of the Franks Committee, would require legislation. It would compel newly-arrived immigrants to declare, within a time limit, all those members of his close family on whom he was likely to call: after the expiration of that period only those listed would be considered for entry.

The Commission for Racial Equality said yesterday that "immigration control is already strict. If the Government intends to tighten it still further, we would regard that as unnecessary, undesirable and likely to do more harm than good to race relations."

The UKIAS said that it believed that most of the measures which would be taken would be to clarify the position on immigration, and that there were few possibilities for any real cut in numbers without reneging on previous commitments. The JCWI said that the proposals to make it more difficult for the elderly dependants to enter were "the numbers game gone mad," since the number of people in question was tiny, while the hardship would be great.

John Lloyd

CONSTITUTIONAL REFORMS

Fewer official secrets

ON CONSTITUTIONAL reform, the Queen's Speech was as notable for its omissions as for what it contains. MPs will be delighted with the promise that they are to be given an opportunity to discuss and examine their procedures. It will pave the way for the introduction of a more effective system of all-party select committees to scrutinise the work of the executive.

But there is no mention of reform of the House of Lords nor of Lord Hailsham's much-vaunted Bill of Rights, to guarantee the fundamental liberties of the subject against abuse by major power blocs within the community.

Doubtless the Government is taking the view that those items can be introduced if necessary much later in the long period of office that lies ahead.

On the legal front, there is an undertaking to reform the much-criticised Section 2 of the Official Secrets Act, although it will not mollify the increasing number of MPs who are demanding a Freedom of Information Act containing much more sweeping reforms. There will also be a bill to liberalise the law on contempt of court.

Reformers will be concentrating their energies on the changes needed to improve the select committee system. Given the goodwill of the Government this could be achieved very quickly with an early debate followed by a motion introducing improvements along the line proposed by the Commons Procedure Committee last year.

The main recommendation was for the setting up of 12 committees each of them monitoring and scrutinising the work of an individual Government Department.

On a Bill of Rights the Conservative manifesto was not very specific, merely including it in a list of "other important matters" which would have to be discussed with all parties. Its chief proponent, Lord Hailsham, is now Lord Chancellor. He sees it as a means of curtailing "the elected dictatorship" of Parliament whereby a Parliamentary majority elected by a minority of votes in the country can still impose contentious laws. Opinions on such a measure are however, extremely mixed and several former law officers have reservations about it.

The Tory manifesto called for a strong second chamber and rejected the demands of the Labour Conference for the abolition of the Lords, but leading Tory peers are concerned by the threat of abolition and think it is essential that some sensible reform should be carried out to head off the danger. This view is particularly strongly held by Lord Carrington, former Conservative leader in the Lords, now Foreign Secretary.

The amending of the Official Secrets Act will provide a lively battle during the current Parliament. Section 2 is an all-embracing measure which makes it an offence to release or receive almost any Government information. The Queen's Speech promises to replace this with "provisions appropriate to the present time."

Amendments to the law of contempt of court will also get strong support in the House. In 1974 the Phillimore Committee recommended that contempt laws should be amended and clarified so as to allow greater freedom of speech. This coincided with the controversy over the thalidomide case and the injunction preventing the Sunday Times from publishing an article on the subject while a civil case was still dragging on through the courts. But only last month the European Commission of Human Rights ruled that this injunction was a violation of the European human rights convention. The Tory Government now promises that its amending proposals will be framed in the light of the Phillimore recommendation and the judgment of the European court.

John Hunt

LAW AND ORDER

The policeman's lot looks happier

PROPOSALS ON law and order include a declaration of support for the police, a commitment to improve the prison system and legislation to strengthen the courts in their sentencing of young offenders.

On the police, the Queen's Speech said that the Government will reinforce respect for the law, and "will give full support to the police service and will take steps to ensure that the law is enforced more effectively."

The major pledge here has already been carried out. Last week, the Government said it would bring forward the second instalment of the police pay award of 40 per cent from September to May 1. The 40 per cent award was made by the previous Government, in line with the Edmund-Davies Report on police pay.

The proposals on prisons await the recommendations of the Committee of Inquiry into the UK prison service, set up last November under the chairmanship of Mr. Justice May. However, the Government is committed to "support and improve the prison system."

The Committee established in the aftermath of a serious riot in Hull prison, growing discontent in the ranks of prison officers, and charges that the prisons are grossly overcrowded—will take "the size and nature of the prison population, and the capacity of the prison services to accommodate it" as its primary object of investigation. It will make recommendations, inter alia, on "the adequacy, availability, management and use of resources in the prison services."

If, as many expect, the Committee recommends a major new prison building programme, the Government may well face a considerable call on public expenditure in this area.

On young offenders, the Speech says that "legislative proposals will be brought forward to strengthen the powers of the courts in England and Wales in relation to young offenders and juveniles." During the election campaign, Mr. William Whitelaw, now the Home Secretary, talked of the need for a "short sharp shock" for some young offenders.

The two major pieces of existing legislation are the Criminal Justice Act, 1961, and the Children and Young Persons Act, 1969. Section three of the 1961 Act, which has the net effect of making borstal training the only medium-term sentence for offenders between the ages of 17 and 21, has been under some legal criticism. A current Green Paper, "Youth Custody and Supervision," on which comments are still being taken, proposes replacing the three existing sentences of imprisonment, borstal training and detention with one generic sentence. It is likely that legislation would be framed along these lines.

Magistrates have also been pressing for more control over orders committing young offenders to the care of a local authority. Under the 1969 Act, the offender passes wholly under the authority's jurisdiction, many magistrates want the right to have some say in what happens to the offender once the order is made.

It is planned to increase the number of detention centres, and to introduce tougher regimes in some of them.

John Lloyd

COMPANY LAW

Little to excite accountants

DESPITE the new Government's promises to bring about a reform of company law, yesterday's proposals are unlikely to excite accountants and company lawyers who have been complaining about the need for new legislation for years. All the Tories are committed to is a mini-Bill in the present session of Parliament to introduce the EEC second directive, a Brussels enactment that should have been legislated for by the end of last year.

The second directive (which covers the formation of public companies, the subscription and maintenance of their capital, and the payment of dividends) will have few significant consequences, though it will require public companies to include an indication of their status in their titles, and will lay down a minimum capital. The mini-Bill is likely to be a full reproduction of the clauses in parts one to three of the old Companies Bill, which was lost on the change of government.

All the other proposals in the old Bill—insider dealing, duties of directors, and directors' conflicts of interest—are to be reconsidered. They are areas that are likely to be covered in a second Companies Bill, to be introduced in 1980—possibly before the present session ends.

One of the most important features of the second Bill will be proposals to implement the fourth EEC company law directive. This is by far the most important of EEC company law enactments to date. It lays down standardised formats for company accounts, includes certain accounting rules in law, and defines minimum disclosure requirements for companies according to their size.

This latter aspect of the directive has already found favour with the Trade Department, where officials have talked enthusiastically about having a 'three-tier system' of company accountability. The implication of such an approach would be that smaller companies could be relieved of some of their obligations under existing law. The Government's latest thinking on the matter will be revealed in another Green Paper, which should be published before August.

Mr. John Nott, the new Trade Secretary, emphasised yesterday that he wanted to cut down the volume of legislation affecting companies. However, he will [illegible] accounting bodies happy by pointing out that many [illegible] of the present law are in need of reform because there has been no company legislation for over a decade.

Another company law topic to which Mr. Nott addressed himself while in opposition was inflation accounting. He said yesterday that he supported the present proposals to develop the Hyde Guidelines as outlined in the recent draft accounting standard, ED 24. The new Government intended to leave the accounting profession to sort out its differences. "I shall be watching," the Trade Secretary declared.

Michael Lafferty

NORTHERN IRELAND

Back-pedalling on local government

THE IMMEDIATE reaction to the Queen's Speech in Northern Ireland was two-fold: first, there was annoyance and frustration that according to reports in the province the speech spent just 20 seconds dealing with Northern Ireland. Second there was mixed reaction that the Conservatives appear to have watered down considerably their commitment to a restoration of local government.

Their election manifesto said they would augment local government in the troubled province by setting up one or more regional councils. The Queen's Speech merely says that "the Government will seek an acceptable way of restoring to the people of Northern Ireland more control over their own affairs."

The anger with the perfunctory manner with which Northern Ireland was dealt was best summed up by a senior member of the main Catholic grouping the Social Democratic Labour Party who said, "any government would of course have to stress law and order but you would think that a place where 2,000 people have been killed and millions of pounds worth of damage has been done would warrant more than 20 seconds. . . . When you consider all we have been through it is disgraceful."

While the SDLP welcomed the apparent back-pedalling on local government, Unionist politicians of various persuasions will be much less happy. Many of them see its restoration as the next step towards a return to a fully devolved Parliament at Stormont.

It was the late Mr. Airey Neave's firm belief that Northern Ireland was under-governed and this led him to want to somehow augment the local authorities. Contrary to widespread belief, however, Mr. Neave did not plan simply to reimpose the regional councils on a majority rule basis. He was aware that to do this would have led to great Catholic frustration since the councils would most likely have been dominated by Unionists. He wanted to set up an independent inquiry to examine ways under which local authorities could best be restored.

It seems that Mr. Humphrey Atkins the Secretary who has inherited Mr. Neave's brief has, in the brief period allowed to him for familiarisation, realised the problems of simply restoring local government at a stroke. At the meetings he will be having in the next few days with Unionist politicians he will undoubtedly receive a great deal of flak from them about the apparent compromise.

Stewart Dalby

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Conservative priorities

THE QUEEN'S SPEECH shows that after its decisive electoral victory, the Government sees no need to compromise on the principles put forward in its campaign, but sets a measured and cautious pace for their enactment. On some of its more contentious aims, on such matters as trade union reform, the approach to Rhodesia, devolved government in Northern Ireland, or the simplification of the social services, the Government appears ready to move carefully, seeking support or at least consent for its approach. The basic change in economic direction, on the other hand, is crisp and clear.

Competition

Price controls are to end as soon as current business can be wound up. In their place, there will be a tougher competition policy and enhanced power to police trading practices. This is entirely welcome. The sale of public sector assets is to begin, as part of an exercise in reining in the activities of the public sector as a whole. There is the expected promise of reduced taxes, within the limits set by anti-inflationary fiscal and monetary policies, and a reduction in the powers and activities of the National Enterprise Board and in industrial support generally.

The reduction of State subsidy as well as State intervention in industry is of course an essential part of the Conservative programme; for despite brave words about simplification and efficiency, cutting public expenditure is always hard to achieve in practice and is the key to the whole financial strategy.

Nuclear defence

Every government has some spending objectives which it regards as more or less sacred. The Queen's Speech put defence at the head of its subject list; this is a deeply-felt priority which unfortunately makes the Government's other objectives harder to achieve. The Government has already committed £160m in service and police pay, and the cost of keeping our nuclear deterrent up to date is likely to dwarf such sums. Given a cautious approach to social security, this implies a considerable reliance on cutting subsidies and financing through the sale of assets.

In principle this is a promising course. The State sector of the economy has been financed for some years on terms which no private corporation would contemplate, burdening the State with heavy servicing costs and hampering the industries concerned.

A sale of assets, whether they are shares held in State hands, a participation in fully State-owned industries, or land and houses, promises an improved balance in the financial markets which could lead, through lower long-term interest rates, to reduced public spending (including a painless cut in the cost of housing subsidies). However, such an approach needs to be pursued with at least as much deliberation as some of the Government's more politically risk-prone projects. The taxpayer will not get the fullest benefit from this approach if the assets he has financed are sold off hurriedly at give-away prices. Equally, the programme could confer a new vigour and independence on the industries concerned—but only if they are able to bid on convincing terms for market capital. In the Queen's Speech the Government can only state its general intentions; it is to be hoped that the approach to other matters implies deliberation.

Open society

The Government, of course, has other concerns than its basic wish for a freer economy. The fact that the reform of Parliamentary procedure, the amendment of the Official Secrets Act and a new law of contempt find a place in the new Government's first programme will arouse the hope that Mrs. Thatcher aims at a more open society as well as at a freer economy. While some expected steps towards freedom—notably for overseas investment and dividends—were not mentioned, these may well appear when Sir Geoffrey Howe introduces his first Budget.

There are other welcome changes—for example, the unexpected and positive reference to the European Monetary System suggests that the change of Government implies something more than simply better manners in Brussels. But the overwhelming impression is of consistent purpose. Mrs. Thatcher means, with all deliberate speed to practise what she has preached.

Financing the oil bill

BOTH THE International Monetary Fund and the OECD have warned in recent days of a sharp increase this year in the combined current account deficits of the non-oil-producing developing countries. They foresee a widening of the collective deficit from \$31bn in 1978 to \$40bn this year. This would mark a return to the peak deficit incurred in 1975 — the year when developing countries were worst hit by the combination of rising oil prices and the world recession and when they borrowed heavily in the hope that their exports would soon pick up. Their current accounts improved in the two subsequent years and then worsened last year. But this year's gap is now likely to be considerably larger than even the pessimistic official forecasts of a few months ago, and will probably widen further next year.

Disappointments

Behind this gloomy picture lies first the increase in oil prices in recent months that has unexpectedly added to the import bills of developing countries. Some like Brazil or the Philippines have also expanded their imports of capital or intermediate goods after a period in which they had held imports down to protect their balance of payments. Higher levels of imports have again been encouraged in order to sustain investment and growth.

But the major disappointment for developing countries is that with the exception of a few high fliers such as Taiwan, Hong Kong and South Korea—and even South Korea is now having troubles—their exports have failed to grow at the pace they anticipated when they began their heavy programme of borrowing. This reflects the economic slow down in the U.S. and the EEC. It also is the result of the increasing protectionist barriers in the industrialised nations to the sale of their goods. The impact has varied on individual countries according to their products and markets.

The widening of current account deficits has come at a time when official concessional aid from the industrialised nations is also failing to expand significantly. The U.S., Germany and Japan are drawing in their horns compared with what they seemed to be ready to offer to the poorer nations until recently. Governments have got stingier because their electorates are feeling the pinch of a recession.

Reserves

This puts the burden of financing the deficits increasingly on the international banks. Eurocurrency bank credits to LDCs (including oil producers) have risen dramatically in recent years — rising from about \$7bn in 1973 to \$21bn in 1977 and \$37bn last year. Much of last year's growth was the result of refinancing existing loans to secure the better terms available or of borrowing as part of a deliberate policy to build up reserves. Countries that succeeded in doing this will be in a better position to ride out the difficult times ahead.

The readiness of the banks to go on financing the current account deficits of developing countries will depend on the standing of individual nations. Those most heavily indebted, like Brazil, are not likely to have much trouble because the banks cannot afford to see them in difficulties. But the nasty jolt of the revolution in Iran, coupled with a more cautious assessment of investment opportunities at a time of a slowdown in world growth is going to make the banks look harder at whom they lend to and on what terms. The countries that will feel the squeeze from this more cautious approach will be the middle-income group and the poorest — especially those newest to the markets. In contrast to the post 1974 oil crisis when many of them found themselves wooed by the banks, the options now open to them are unpleasant.

Growth rates

Some will be able to stretch the maturities of their loans. But some will inevitably be forced to cut back on their rates of growth. Others are likely to have to submit to the disciplines of the IMF with whatever political repercussions these entail.

THE EEC AND THE C.A.P.

A strong European commitment at the right price

IMPROVING relations with the European Community is a cornerstone of the new Government's foreign policy, but it appears to have been caught by surprise by the problems it faces in laying that cornerstone. The Queen's Speech repeats the Conservatives' "strong commitment" to the community. It says that the Government intends to "play a full and constructive part in its further development and enlargement. . ."

But the speech also repeats two long-standing demands of the last Government—for "significant improvements in the operation of the Common Agricultural Policy," and for "a fairer pattern of budgetary and resource transfer in the European Economic Community."

This last point has particularly disturbed the Government. On Monday Sir Geoffrey Howe, Chancellor of the Exchequer, told his fellow EEC Finance Ministers of his "sense of astonishment" at Britain's rising contribution to the EEC budget. The net contribution was £780m in 1978, making Britain the largest contributor even though it comes seventh in the community in terms of income per head. In 1980 its net contribution is expected to exceed £1bn.

To tackle this situation the Conservatives are relying on the goodwill to which they believe that they, as committed Europeans, are entitled. They stress their constructive approach and diplomats expect it to be particularly evident in a host of minor issues ranging from introducing lorry tachographs to reaching agreement on oil pollution matters. The Conservatives are also promising a fresh look at the European Monetary System. The Queen's Speech welcomes the EMS, and Mrs. Margaret Thatcher, the Prime Minister, has said that a decision on whether to join would be made by September.

The Tories' profile on the Common Agricultural Policy battleground is so low as to render them almost invisible. "Significant improvements in the operation of the CAP" are included in their strategy as a matter of course, but there is not the faintest hint of how changes are to be made. Mr. Peter Walker, the new Minister, will be following through the initiative taken this spring by the Commission which has called for a price standstill.

A one-year price freeze will have no discernible impact on surpluses. Indeed, Mr. Finn Gundelach, the Agriculture Commissioner, has already warned that the Nine will end the year with a record 500,000 to 600,000-tonne butter surplus.

The Labour Government was determined to continue the freeze for at least four years in its drive to reduce the surpluses. But there is a strong feeling among economists and bureaucrats in Europe that such tactics would tend to be destructive rather than reforming.

At least the Commission's call for a price standstill would give the new Government a few months to work into the intricacies of the CAP and prepare longer-term plans.

It will have to work pretty briskly. The next price review is unlikely to be introduced before the end of July and possibly later, and the Commission will more or less immediately start drafting its proposals for the 1980 farm year.

The French have already sent up a couple of weather balloons to test the climatic response to a suggestion of two-tier pricing and production quotas for commodities in surplus.

While governments elsewhere on the Continent have begun to take some notice of the growing chorus of consumers' complaints about the excesses of the CAP, the Tories have yet to come out into the open with their ideas.

More important, however, they are also faced with the prospect of the CAP literally bankrupting the Community. The proportion of the budget spent on farm support is currently 75 per cent and rising. Existing budget mechanisms could shortly prove incapable of producing the cash needed to maintain the CAP and the other EEC policies.

Government plans for the home farming industry are equally sketchy. The Queen's Speech said only: "Ministers will seek to secure that UK agriculture and the food processing and distributive industries have an opportunity to compete on fair terms and to make their full contribution to the economy."

Farm incomes fell 11 per cent in real terms last year, and although a small product price increase has been engineered by a 5 per cent devaluation of the "green pound," the farmers want more.

Hard and costly winter

Livestock producers in particular, have had a hard and costly winter, feeding their stock on manufactured feeds when hay and silage ran out. Pig farmers especially are once more on the brink of catastrophe.

Mr. Walker is also faced with the urgent problem of a reform of the Common Fisheries Policy. The programme outlined in the speech will have to "take account of the need to conserve stock and the interests of our fishermen."

It is likely, however, that Mr. Walker will be sticking closely to the campaign already mounted and pursued for many months by the Labour administration.

Mr. Gundelach said in London 10 days ago that he confidently expected the fishing package to be wrapped up by the end of this year. Had the British elections not intervened, he said, the deal would have been done by now.

In this sector at least, the new British Ministers can hope to see some significant reforms to show as proof to the electorate that their commitment to Europe can pay dividends.

Asked what would happen if Europe did not respond, Lord Carrington, the Foreign Minister, could only reply: "I would have thought that the very fact that a British Government was saying that it wished to repair its relations with Europe would have some effect on the actions and beliefs of our colleagues in the EEC."

However, many Western diplomats question whether his optimism is justified. They say that the tone of the new Government's pronouncements is welcome but that to the extent that existing national policies are largely based on national perceptions of self interest they are unlikely to be changed by this improvement in atmospherics. The French in particular make it clear that for instance they do not see the EEC budget as a "redistributive mechanism" — and with M. Jacques Chirac basing much of his challenge to President Giscard d'Estaing on the problem of handling the EEC, a softening towards Britain is not an attractive option for the Elysee.

West Germany too has problems with supporting any increase in the EEC budget of the sort necessary to allow a reduction of British contributions.

All of this presents a dilemma for the Conservatives and one which they seemed not to have expected. They have made major changes of style but only lesser ones of substance. If these changes do not evoke a response they may find that the continuity which Lord Carrington has stressed may extend to the difficulties of British relations with the Community.

The Conservatives are likely to be less than perfect Europeans on two points. Like Labour they appear to want a confederal rather than a federal Europe, encouraging enlargement of the Community in part to delay the growth of supranational institutions. Second, in the field of the co-ordination of foreign policies, common efforts by the foreign ministers of the Nine, are expected by diplomats to receive less priority than Guadeloupe-style summits on an altogether larger scale.

David Tonge and Christopher Parkes

THE TRADE UNIONS

Peaceful persuasion to be tried first

THE HIGH rhetoric of the Conservatives' election campaign on union reform has vanished, to be replaced by a cautious and pragmatic approach to issues which the new Government knows can easily lead to explosions.

Every emphasis is being put on the need to thrash out the pledge contained in the Queen's Speech with both sides of industry, and none of the legislative changes is expected before the autumn.

Perhaps significantly, the manifesto promise to reduce the level of State benefit to the families of workers on strike—an obviously controversial proposition—does not appear, and does not seem likely to be acted on in the foreseeable future.

This leaves three main subjects for legal amendment—picketing, the closed shop, and postal balloting. There is also a passing reference to employment legislation, which means that before the long Parliamentary session is over the Government may address itself to amending the Employment Protection Act.

As for wages, the Government says only that it will encourage "responsible pay bargaining."

Mr. James Prior, Employment Secretary, will be putting this agenda in front of the TUC and CBI in a series of discussions during the coming months. His aim is to get as much agreement as possible for what he says are modest but vital reforms before setting the draughtsmen to work.

Of the three industrial relations issues to which the Government has addressed itself, picketing could prove the most difficult, certainly in terms of TUC opposition. The Queen's Speech talks of "picketing," but Mr. Prior and his team are really talking about the much wider question of sympathetic industrial action like blacking and boycotting. They will be considering not just whether to change that part of the law which says where a worker may picket, but whether to restrict the "when"—the legal immunity from damages that unions enjoy when "in furtherance of a trade dispute."

The 'golden formula'

The so-called "golden formula" is up for review. In recent years, and especially in recent months, the Courts have issued a series of judgements in picketing and sympathetic action cases which have narrowed the definition of "what constitutes" furtherance."

Before translating that judge-made law into statute, (or deciding that no further action is required of Parliament) the Government will await the decision of the House of Lords on an appeal by leaders of the National Union of Journalists, supported by the TUC.

Here the union's leaders are trying to reverse a Court of Appeal decision against their instruction to Daily Express journalists to "black" Press Association copy because the PA had been called out or on strike in support of provincial journalists.

The only Conservative formulation to have emerged so far on "secondary action" is one that would restore in the Trade Unions and Labour Relations Act an amendment secured by the Conservatives in 1974 and subsequently repealed. This would give unions immunity when inducing breaches of contracts of employment but not breaches of other contracts, like commercial contracts.

As stated in the manifesto, however, the aim was the apparently narrow — but still contentious—one of confining picketing to the site of factory where the dispute is going on.

Secondary action is indissolubly linked in the Government's mind with the closed shop. For example, its promised inquiry into the print union SLADE is as much about its attempts to organise in advertising and its erstwhile blacking of non-union advertising houses as it is about the union's closed shop policy.

The Government's plans for the closed shop — which fall short of making it illegal—are of long standing. Its manifesto proposed that there should be a statutory code (a code of good practice than can be quoted in court). An employer should only consent to a closed shop after an overwhelming majority of his workers have agreed to it in a secret ballot. Existing non-union members should be exempted (and perhaps pay the equivalent of the union subscription to charity) as should people with strong personal convictions that prevented them from joining.

The Government has again explicitly declared the Tories' opposition to closed shops in newspapers (as well as in the Civil Service), but has made no plans for forbidding them in the Press. It is assumed that reintroduction of the conscience clause would make that unnecessary.

Workers "arbitrarily excluded or expelled from a union" are promised the right of appeal to a court, probably the High Court, and those who actually lose their jobs as a result of a closed shop would be able to plead unfair dismissal before an industrial tribunal (which at present they cannot do). If upheld, they would be entitled to compensation—from the employer in the first case, but perhaps from the union instead if the tribunal decided that it was the union that had forced the employer to sack a man.

Recourse to the High Court might also be given whether or not a closed shop was in operation. The Government believes—and here the picketing question comes back—that unions should not be able to threaten the withdrawal of cards from a member who, say, crosses a picket line set up by other members of his union.

The third specific proposal in the Queen's Speech is an enabling measure only. The Government says it will provide public funds for unions which want to conduct postal ballots—not only for the election of senior officials, but also for the calling of strikes. Conservative lawyers argue that the only "respectable" objection to the postal ballot (already practised in many unions) is one of cost. But Conservative politicians know that postal ballots tend to favour the "moderates" in union elections.

Looking further ahead, the Government is known to be anxious to make changes to the Employment Protection Act. Its agenda includes—and this was referred to yesterday—giving small employers some kind of exemption from the duties—on dismissals, for example—laid down. It also includes the operation of industrial tribunals, and the terms of reference and composition of the Advisory Conciliation and Arbitration Service. Union recognition procedure under ACAS—which has been thrown into ever-greater legal confusion since the Grunwick affair—would certainly be looked at. It might without a complaint from ACAS itself, just be abolished.

Still very much under wraps are the Government's techniques for encouraging what it calls responsible pay bargaining. Although no papers on the subject have yet been produced within the Department of Employment, Mr. Prior's own philosophy and CBI pressure may combine to revive ideas for a national economic forum, probably linked to a special Select Committee of Parliament, in which the parameters of pay bargaining are discussed. Pay norms are out, at least for the private sector, and the Government hopes that it can set up some educative system that will demolish the concept of a going rate by the time the next wage round is upon us.

It is the philosophy of the whole industrial relations programme. Mr. Prior is aiming for reform by consent and an end-result that will last. That, at least, is the message he will be taking to the TUC.

Christian Tyler

INDUSTRIAL POLICY AND DENATIONALISATION

Sir Keith holds his fire

THERE HAS been little sign of any major policy decisions emerging yet from the Department of Industry where Sir Keith Joseph, who played a large part in framing the new Government's general economic and industrial approach, is the Secretary of State.

Yesterday's Queen's Speech added little to what is already known about industrial policy. The National Enterprise Board will be curbed, other forms of nationalisation and State ownership will be reduced, and small firms will be helped.

Sir Keith himself has kept well out of the limelight since he arrived at the Department. He does not want to expose himself to questioning on how he will handle the multitude of detailed industrial problems needing a decision till he has had time to absorb the issues involved and persuade civil servants and others that he wants a new approach adopted.

Indeed one of his first acts has been to circulate a long two-page bibliography to his top civil servants of books and articles they should read. They range from Sir Keith himself and the FT's Samuel Brittan to Adam Smith, J. A. Schumpeter, Professor Bauer, Lord Robbins and John Kenneth Galbraith.

At first the civil servants were both amused and horrified at this exercise in adult education, but many now realise that Sir Keith has at least made his major point—that he does not want to be diverted away from long-term reforms by short-term problems.

So far he has met the heads of the various nationalised and other State owned organisations for which he is responsible: yesterday for example he had his first formal meeting with Mr. Michael Edwardes of BL and Sir Leslie Murphy of the NEB. Meanwhile Ministers in other Departments have had talks with the heads of their nationalised undertakings—like the National Freight Corporation and the British National Oil Corporation — which might figure in the Government's plans.

All that yesterday's Queen's Speech said on the subject of reducing State ownership was that there would be proposals to "reduce the extent of nationalised and State ownership and increase competition by providing offers of sale, including opportunities for employees to participate, where appropriate."

This covers both complete denationalisation of industries and conversion to a BP-style mixed ownership. It thus embraces the Conservatives' interest in offering British Shipbuilders and British Aerospace back to the private sector, and inviting private sector equity into the National Freight Corporation (which was specifically mentioned in the Tory manifesto) and British Airways.

Generally the heads of nationalised industries like the idea of taking in private sector equity, while at the same time opposing complete de-nationalisation. Lord Beswick, chairman of British Aerospace, for example, thinks it would be bad for the aircraft industry to be broken up and sold in parcels to the private sector while British Shipbuilders does not want to be shorn of their profitable naval yards.

While Sir Frank McFadzean, chairman of British Airways, has publicly stated his support for becoming partly owned by the private sector, the practicality of attracting investors into his airline has been queried. The National Freight Corporation has reservations about being put on the market too quickly since it only made its first profits last year.

Private equity

Legislation would be needed to take private equity into most of the nationalised corporations (partly because they would need Companies Act status), and to carry out denationalisation. Such legislation, like a Bill planned to cutback the NEB, would probably take most of the summer to prepare and might not become law till the end of the year.

In the meantime the Chancellor of the Exchequer will examine ways of reducing the public sector borrowing requirement by selling assets. This could be done by reducing the 51 per cent State holding in BP or, for example, persuading the NEB (if this were possible) voluntarily to sell off some or all of its stakes in companies like Ferranti and ICL. Were Sir Leslie Murphy to agree to this, only revised Statutory guidelines, and not a complete Bill, might be needed to change the NEB's financial targets.

A new Industry Act would still be required later in the year.

But there will be a lot of discussions before the future of the NEB and, therefore the contents of a new Industry Bill, are settled. Yesterday's Queen's Speech talked about proposals to restrict its activities and there will be arguments during the coming months about how many of its operations, especially in high technology areas such as the INMOS micro chip venture, it should be allowed to keep. Sir Leslie would like to take more private equity into the board's activities.

Also to be decided is exactly how any disbursement of State ownership should take place. In 1953 the Iron and Steel Act set up an Iron and Steel Holding and Realisation Agency charged with managing and selling off the steel industry—a job which it never actually completed. But ten years ago the Industrial Reorganisation Corporation's holdings were simply sold through Rothschilds merchant bank. It is quite possible now that a De-Nationalisation Agency might be created as a bridge with City interests.

The fact that the Government has yet to approach individual problems on an even keel was demonstrated only yesterday afternoon when the Welsh Office decided to have second thoughts about its decision announced last week to let the troubled Triang factory in Wales close down immediately.

A little more of the Government's thinking may emerge when Sir Keith speaks on the Queen's Speech during the next few days and when Sir Geoffrey Howe presents his Budget next month.

John Elliott

FINANCIAL TIMES SURVEY

Wednesday May 16 1979

Mechanical Handling

The various sectors of the mechanical handling industry have enjoyed mixed fortunes over recent years, and the U.K. market remains sluggish. Hopes for improvement centre on exports and on the growing need for rationalisation in industrial operations. Advances in micro-electronics are likely to revolutionise the automation of handling in the near future.

Exports the key to success

By Hazel Duffy
Industrial Correspondent

THE MECHANICAL handling industry has enjoyed one distinct advantage over most other producers of capital equipment over the past few years, which is that its products are frequently related to rationalisation. It is this type of equipment, rather than that associated with expansion, which has been most in demand by European industry during the years of recession, and the recent but only partial economic recovery. For this reason it largely escaped the misfortunes which hit most other industries in 1974 and 1975, while demand has been pretty static in the ensuing period.

There have been exceptions—mechanical handling is an industry made up of several sub-sectors. This applies particularly to lifts, which have suffered a serious decline in demand associated with the slump in construction, and to heavy cranes, as the investment programmes of steel and other heavy industries have been cut back. The forklift truck industry would also argue that markets have been far less buoyant during the mid-1970s than they were a decade ago. Nevertheless, the more difficult conditions that they are facing are not as bad as in some other industries like construction and agricultural equipment.

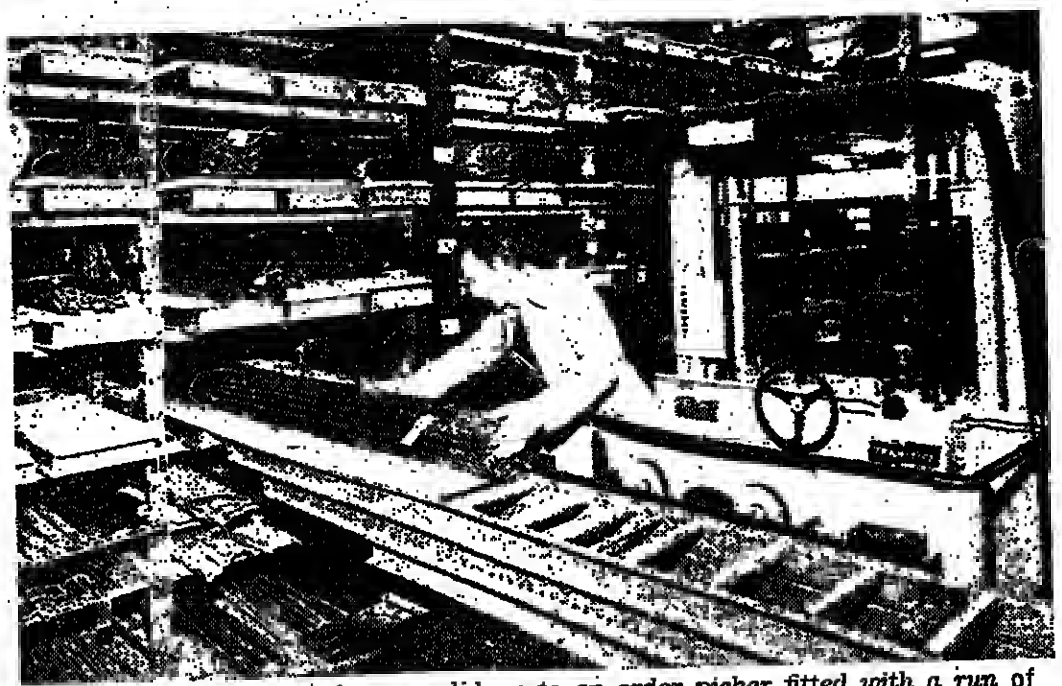
The uncertainty about future growth rates of the industrialised countries means that this industry, like most of mechanical engineering, cannot look forward with any certainty to the buoyant conditions at the beginning of the decade.

But the greater scope for rationalisation in manufacturing industry, particularly in the UK, means that investment in mechanical handling equipment will not fall back significantly from current levels. The growing sophistication, and cheapness, of the micro-chip promises a big advance towards automated systems of handling. This is an area where the UK already has some presence as a result of licensing arrangements.

Current market conditions, however, are extremely challenging. The one aspect on which all the industry is in agreement is that competition has increased from both well established sources and from newer entrants to the field. Japan, for instance, is very competitive in lift trucks, cranes and conveyor equipment, and is stepping up its presence in European markets as well as other export markets such as the Middle East.

The competition is not only in standard products—heavy cranes, for example, are highly sophisticated pieces of equipment. Simultaneously, the German mechanical handling industry tends to be better organised on the exports front than the British, while the weakness of the dollar increases the threat to European manufacturers from the U.S. Although American industry is not traditionally export-conscious, it is very much so in this industry.

Mechanical handling tends to be international in its outlook, and this attitude is compounded by the presence of several large multi-national companies. Otis, for instance, is the world leader in lifts; in fork-lift trucks the major American companies have manufacturing plants in Europe, and sometimes in other parts of the world. Although there does not seem to be any move towards these companies reducing their European operations in the light of the increasing competitiveness of the dollar—Hyster, for instance, has just announced it is setting up a new plant in Northern Ireland—it might in time lead to their supplying other parts of the world for the U.S.



Bundles of rods and tubes are slid on to an order picker fitted with a run of Dexion Autoflow roller conveyor

Competitive

The much more competitive conditions of the past few years are posing fundamental problems for the UK industry. Technological advance is essential; many parts of the UK industry have tended towards the more sophisticated equipment in any case, but there is a need for stronger companies (to be achieved through mergers) if this expensive line is to receive the priority it must have.

Marketing is another important aspect. While some sectors of the industry—fork-lift trucks in particular—have developed their marketing to a satisfactory degree, others, like conveyors and cranes, have a long way to go. The American conveyor industry is far ahead of the British on marketing.

Another requirement which is gaining in importance is for the manufacturer to be able to offer the customer a package which includes not only the hardware but also the design for the system. Companies increasingly expect the manufacturers to be able to do this. When Ford was planning its Bridgend engine plant, for instance, it approached Eurowide, a British company which is a relative newcomer to the industry but had already supplied the Fiesta project in Spain. The company was asked to design and install automated handling equipment for all the cylinder block lines and two of the crankshaft lines.

Orders of this magnitude from the domestic market are essential for companies in the industry if they are to export successfully. Potential customers can be shown what the company has already designed and installed. But it is a "shop-window" that some of the industry has had to do without because there have been so few orders from the home market—this applies particularly to the heavy crane makers, which are threatened with a loss of technological expertise unless orders materialise.

Although contact between the nationalised industries, which are big purchasers of materials handling equipment, and the industry have improved—thanks in large part to the work being done at NEDO—there is still scope for improvement. Many of the industries, like British Rail and the British Steel Corporation, have export consultancies which can help to channel orders to the industry, but complaints are still heard that co-operation with these big customers is insufficient.

A major contribution to the industry's planning requirements will be provided by the results of a survey being conducted by the Department of Industry into the needs of both the private and public sectors for materials handling equipment over the next five years.

In most sectors the British mechanical handling industry has succeeded in maintaining, or even reducing, the level of imports. There have been exceptions—imports in the lifting and winding sector (including hoist boxes, lifting tables, etc.) have been going up markedly in what is the most internationally trade-conscious sector of the industry. But more worrying is that the mechanical handling industry's export growth has been very small.

In spite of pleas and exhortations through official and semi-official channels, the industry remains too complacent about exports. Companies complain that without a solid home base it is impossible to engage in the more difficult task of building up exports. There is of course some truth in this, but it has not deterred countries like France, where the domestic market has been much the same as in the UK, or Spain, which is fast gaining entry into export markets.

Consortia

British companies are still less well organised than their competitors in their approach to consortia bidding in order to compete for the large contracts and package deals. In the past, they have tended to be fighting each other for contracts when a collaborative approach would have been more successful. The first tentative steps towards marketing conveyors on a co-operative industrial basis, however, is about to take place under the auspices of NEDO and the industry's trade association.

The industry could increase its efficiency further, although in some respects it is one of the best advertisements for its products in that it tends to make maximum use of them in its own factories. But there is still scope for increasing the size of unit if companies are to compete with the volume producers of some of their competitors. In productivity, the industry's record tends to be above the average of that for mechanical engineering as a whole. Combined with the relatively low wage costs in the UK, it would pay some areas of the industry to adopt such techniques for themselves. The industry does have some outstandingly successful companies, however, and it is these which will ensure a solid future for the industry.

THE UK INDUSTRY'S SALES

	1978 £m*
Conveyors, aerial ropeways	240
Cranes and transporters	215
Lifts and escalators	85
Lifting and winding devices	100
Industrial trucks and tractors	325
Total	1,965

*Estimates based on quarterly figures for the first nine months of 1978 published in Business Monitor.

STORAGE AND WAREHOUSING

Potential savings are enormous

UP TO a quarter of Britain's Gross National Product is spent on the production, storage and handling of goods produced in factories, according to the National Materials Handling Centre at Cranfield, Bedfordshire.

Clearly there is great scope for savings through the use of detailed audits of factory practice and workplace layout. These form the preliminary step for many factory managers before the installation of new aod advanced handling and storage techniques, including fully automated equipment for warehouses and shop floor storage areas.

But Britain's record in seeking ways to improve industrial efficiency and rednce waste is still poor in comparison with other advanced nations.

The most extreme example of this is the fully automated warehouse. Japan has 1,350; Britain 80. The comparison may be alarming, but there is potentially greater cause for alarm at a more mundane level—the factory floor.

Fades

Mr. Bob Williams, director of the National Materials Handling Centre, suggested that the importance of technical advance in reducing factory storage and handling costs fades into insignificance when compared with the potential savings that could accrue from a rational evaluation of a factory's existing layout, its use of space and the ease with which completed goods or raw materials and components may be moved or deposited.

These issues involve fundamental decisions, Mr. Williams said. But they need not necessarily involve the use of more advanced technology or the use of further mechanisation.

There has been a great deal of publicity about the need for a more thoughtful approach to industrial storage at the level of straightforward factory planning. Up to 4,500 books and academic papers have been written on the subject and there is no longer the problem of making engineers aware of the need for a re-assessment of existing storage and handling problems, the NMHC said.

But there is still evidence of an unwillingness on the part of some industrialists who hold the corporate purse strings to invest in reorganisation of the factory floor. The cost of disruptions to production can be great, certainly, but for those prepared to face the often unpleasant financial realities of a fresh appraisal of existing practices, the future benefits can be considerable.

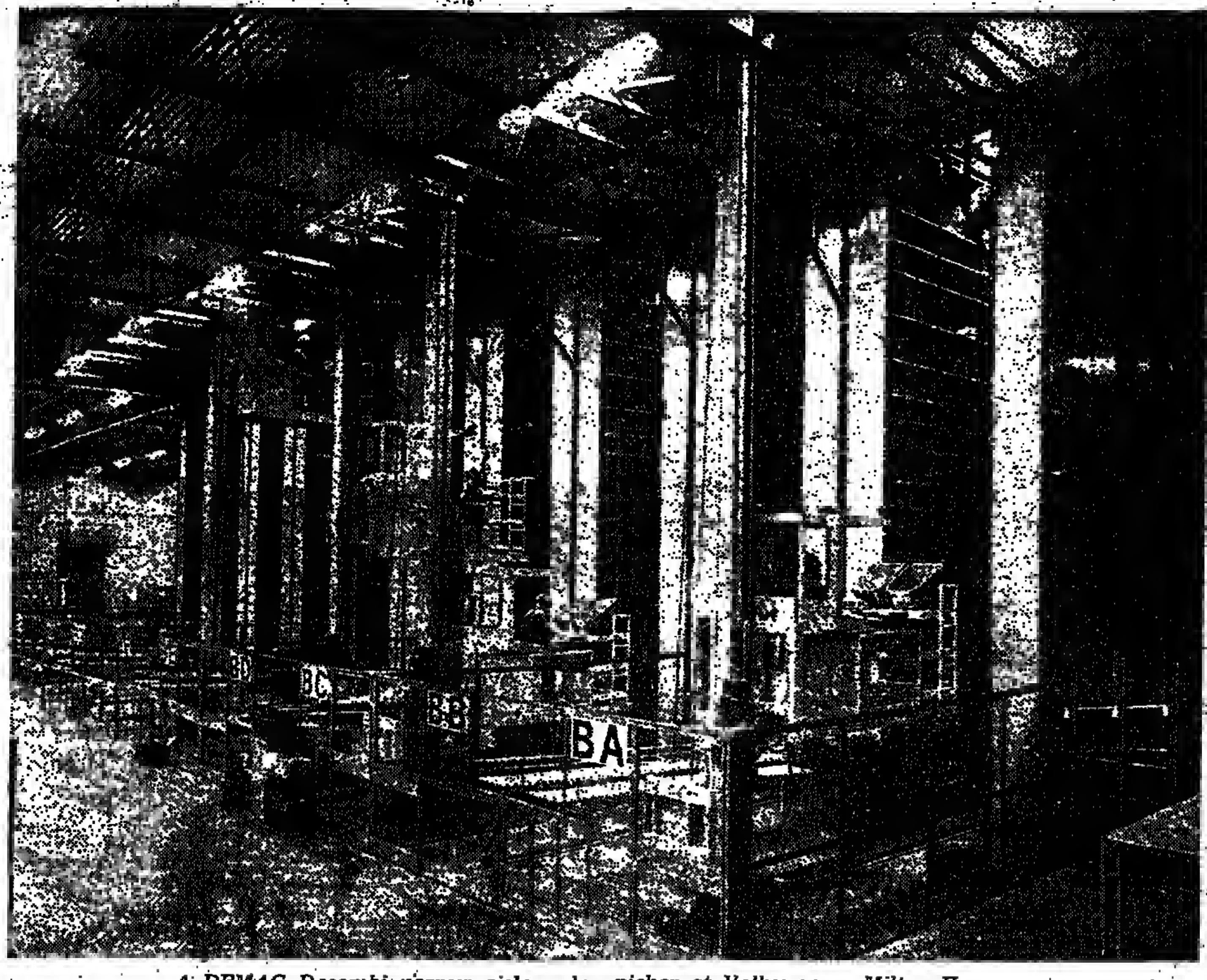
In the engineering and allied industries, the Department of Industry, through its committee for materials handling, has estimated that the potential annual savings in this sector alone could reach a total of up to £90m.

A working party of the committee which reported on materials handling costs three years ago said that storage and materials handling are more readily influenced by change than direct production costs. Storage and handling represented an important source of potential savings as it accounted for 12 per cent of the conversion costs of industrial products—i.e., the production cost less the raw material costs.

The working party also said that storage and handling costs were particularly sensitive to changes in technique, and this made it essential that changes were made only after a detailed audit of existing practice.

Handling costs many companies much more than it probably would after an audit of existing practice had been carried out and changes implemented. The greatest single cause of the higher than necessary costs is thought to be incurred when companies expand in an ad hoc way, in the absence of a strategic development plan.

The national materials handling centre supported this contention from the committee. Mr. Williams described the problem as "creeping obsolescence." Factory managers had to be prepared to make a large and significant jump away from existing practices which had grown up over the years and were not necessarily designed for efficient operation. Changes in factory layout were often made without consideration of how the changes may affect storage and handling costs.



A DEMAG Decombi narrow aisle order picker at Volkswagen, Milton Keynes

Factory changes involved disruption and high cost and the optimum cost level in factory storage and planning is often only possible after careful design from the start. Nevertheless some cost reductions are possible without radical redesign of a factory layout and this may be possible in a number of companies.

The Department of Industry study of material handling in industry showed that up to 30 per cent of the companies studied could achieve reductions in the cost of storage and handling operations without incurring major additional cost or disruption.

This study also showed that companies in the engineering sector had little accurate idea of their handling and storage costs. Most companies on the other hand, had a clear idea of the costs of maintaining stocks of finished goods or components and raw materials, although these costs are lower than those of storage and distribution.

Accounting techniques could be rearranged to take account of the separate costs of storage and handling. Detailed accounting analysis and audits of existing practice on the shop floor could lead to a range of improvements which may in the end lead to a call for further mechanisation and the introduction of more advanced automated machinery.

An audit of existing practice may lead, for example, to a better understanding by management of why the compaoy has a high turnover of staff from the shop floor. Working conditions related to the recovery of raw materials, the collection of components or the storage of the finished product may not be conducive to efficient working.

Operators of processing or other machines may spend a disproportionate time collecting their own materials before the production work can commence. The factory manager may conclude that new equipment should he installed to hring the materials to the worker. Similarly, machines fed manually could be speeded np and operator productivity improved by the installation of automatic feeders, storage hoppers of component or raw material transfer equipment.

The list of potential improvements in factory storage techniques is almost endless. Technology and detailed planning, even of the most mundane shelving installation, have an important part to play in improving efficiency in factory operations.

British companies spent approximately £55m on simple metal shelving and racking units last year. Up to a third of the total was spent on racking for pallets, the workhorses of industrial storage and handling.

Many factories still load pallets by hand, but those with high throughputs have been ohliged to turn to more antomatad methods. One of the companies in the husiness of making automated machinos for parking pallets is W. and C. Pantin, an associated company of The British Mathews Company.

The compaoy has developed a high-speed low-level machine for loading or unloading pallets. The machines are suitahle for loading pallets with products stored in cartons, trays, drums, crates or products which are wrapped in shrink film. The automated machines have a hydraulically powered slat apron which permits the gentle transfer of products from layer to layer without disturhance. The equipment is supplied with either a solid state electronic programmer and logic controls as standard or with a microprocessor.

Automated storage and handling equipment may have up to twice the operating life of systems which depend on manual operations, points out Dexion-Comino International, a company with a long history of development in the fields of shelving and racking equipment and now about to enter the field of automated equipment in a big way.

The company is not new to the field of antomated storage systems. It won a £1m contract in the early 1970s to build the storage and handling system for the Ford car body plant at Dagenham. The storage system is fully automated and linked to a computer.

Invasion

Now tho company has plans, involving an investment of £1m, to stop what its technical director Mr. Bob Lee described as the "European invasion of Britain in the field of automated handling and atorage systems."

The first pre-production model of a new computer-based automated storage handling machine will be ready this month. The machine and its associated compnter software programmes will be designed for handling unit loads between 200 lb and 300 lb in weight up to 30 feet off the ground. A large version, ahle to carry and store palletised loads of up to two tonnes up to 75 feet off the ground will be ready in October.

One of the prime ohjects of the Dexion exercise is to develop the use of compnter software and, in particular, programmes suitable for microprocessors, across the whole field of storage and handling. "After all, the value of the computer in this field, is that it can get the very best performance out of a set of variables in the warehouse," Mr. Lee said.

Part of tho prize may be a share of the £90m European market for automated warehouse equipment. The equipment may also be taken up by British companies, but the smaller size of the UK automated warehouse equipment market, at £7½m, suggests that the greatest sales effort will be towards the Continent.

Lynton McLain

INDUSTRIAL STRATEGY

Major problems to solve

IN ATTEMPTING to evolve a strategy for the mechanical handling industry, NEDO officials and industry representatives decided sensibly that it must be split into different sectors. Industrial lift trucks were given a sector working party of their own, while the mechanical handling SWP has hroken itself into four suhsectors: conveyors, lifts, cranes, and lifting and winding devices. Each contributes to the SWP's annual progress report, which then has a separate section on the problems which are relevant to each sub-sector.

The commoo theme which emerges from each of the sectors is that performance and competitiveness still have to he improved. A major step towards the industry's planning requirements ahould result from an assessment of industry's mechanical handling needs over the next five years, which is being carried out hy the Dapartment of Industry on hehalf of the SWP.

The sector which has emerged as most in need of thinking about exports is conveyors, and over the past year the SWP has concentrated its attention on new markets. Many companies in the conveyors industry have an export record, but this has been mainly through supplying equipment to contractors.

The SWP decided it would see if there was more scope for UK companies to be recognised as exporters in their own right. A team of consultants was employed. Their report showed that while some firms had heen exporting successfully, most gave too little attention to marketing. In the U.S., where the conveyors industry is much more export-minded, marketing is given more importance and there are many more good conveyors salesmen aronnd.

The report identified the developing countries as offering the greatest growth potential. It also recommended that it was essential for companies to hsve a local presence in these countries if they were to he used by local contractors, or if they were hoping to export directly. Tha costs of setting up, however, could be high, especially for smaller companies. So it was decided to see what could he done on a co-operative basis.

The result has been the setting up of an office in Venezuela, involving only an initial cost to the participants. If this succeeds in getting orders, it is hoped that it will he extended to other countries, enabling the industry to get away from its dependence on the home market.

The cranes sector is equally dependent on the UK market, and on public spending projects in particular. The SWP is most concerned that the dearth of projects in steel, the docks and shiphuilding have left the industry withoot a "shop window" where prospective purchasers can come and see working examples of their products. It helieves the puhlic sector and the nationalised industries should do all they can to rectify this situation.

Efforts

Imports of fixed cranes have fallen in the past couple of years, but the efforts of the industrial strategy to increase exports have had little success. The SWP is investigating whether a co-operative approach to exporting, such as that being adopted by the conveyors industry, might work in the cranes sector.

When it comes to lifts, the SWP expresses concern ahout the long-term future of the industry. Tho pressures on the industry are particularly acute, with demand for the original product in the home market seriously depressed hy the fall in construction, while maintenance and modernisation operations are heing increasingly threatened hy small specialist companies. The possibility of restructuring will he on the agenda for discussion, while co-operation between manufacturers in overseas markets is regarded as the least that must he planned.

The lifting and winding subsector is more export-conscious than the conveyors industry, but the SWP'a concern is that British manufacturers are losing home market shares. A prime objective over the coming year will he to identify the reasons for the growing success of the importers.

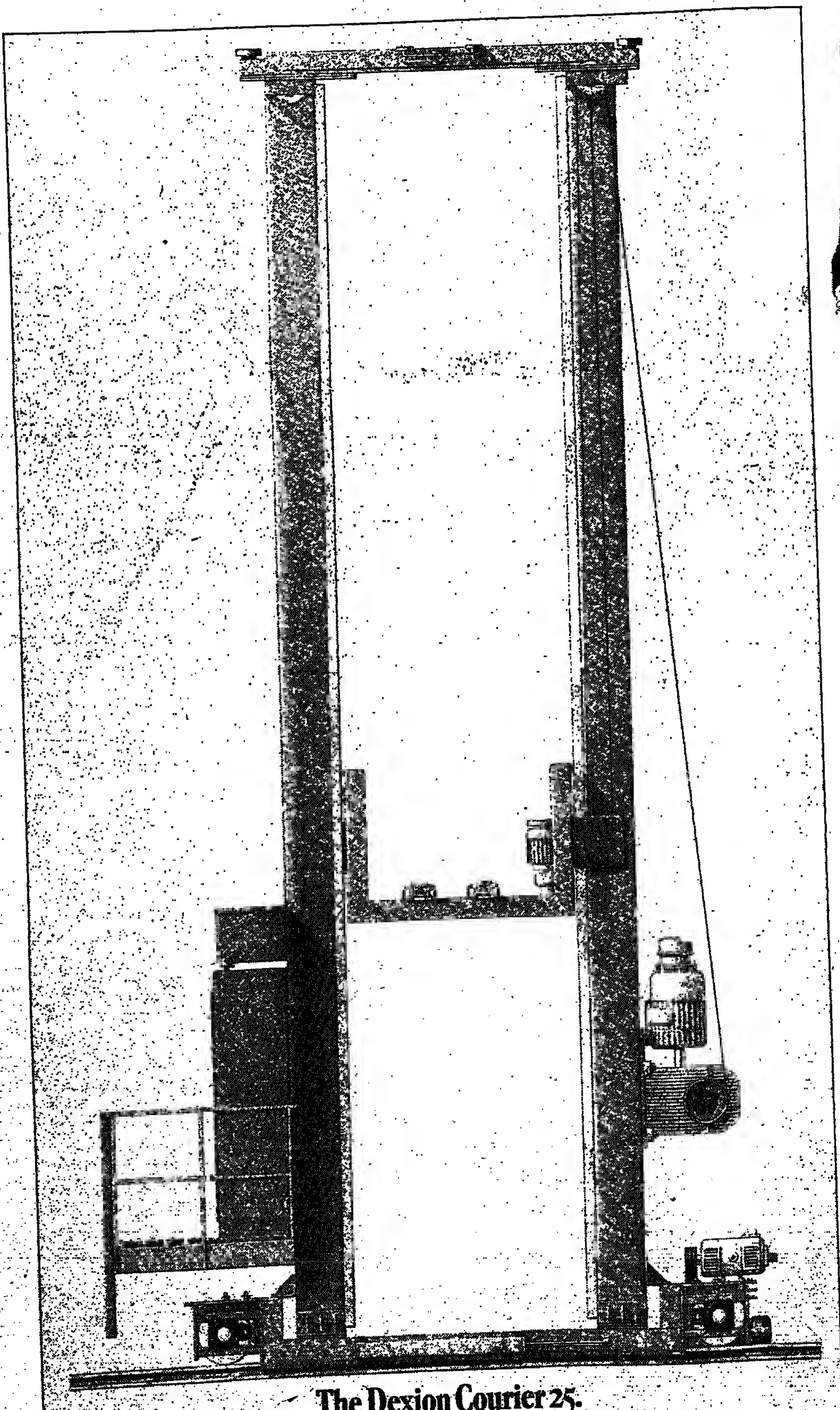
A major concern of the lift trucks SWP is exports. The industry in the UK has already seen considerable rationalisation since the industrial strategy was set up, with both Lansing Bagnall and Coventry Climax growing through acquisition, and Lancer-Boss strengthening its financial position. Although more export-conscious than the rest of the mechanical handling industry (exports account for 30-40 per cent of outpnt), it is felt that the lift truck companies will have to push up their exports to the levels which are common in construction eqnipment if they are to compete in conditions of substantial overcapacity.

However much the SWPs discuss and cajole, the main factor is absent from the British industrial scene is a strong home market. Given this constraint, the achievements of the industrial strategy must be less than they would otherwise have been. The most that the strategy can do therefore is to encourage manufacturers to look overseas for orders, and to stay competitive in home markets. In this it has had some success with the mechanical handling industry, but a major task still lies ahead.

Hazel Duffy

A Rapier H7 hydraulic mobile crane, maximum capacity 6 tonnes, working in a stockyard

We can now provide a British answer to a British problem.



The Dexion Courier 25.

The problem is illustrated by the figures above.

Britain has far fewer automated warehouses than competitors like Germany and Japan and wastes more than £2,000 million a year on inefficient storage.

The answer is illustrated on the left.

It's one of the new range of stacker cranes which Dexion are building in this country. And it means that we are the first British company which makes cranes, conveyors, racking and integrated control systems.

The Courier 25 handles pallets up to two tons at heights up to 25 metres.

It is fully Europeanised, and it has been tested and proved in hundreds of installations.

For smaller unit loads, we are building the Courier 10 to operate within order picking systems at heights up to 10 metres.

We are extending our range of compatible conveyor systems. And we supply all the hardware and software for micro-processor control.

In other words, there is for the first time a British company which can plan, supply and install an automated storage system from one British source.

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We're investing a great deal in the latest storage technology.

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INDUSTRIAL TRUCKS

Europe holds its lead

FOR THE past four years the European lift truck industry has had to adapt to sluggish economic conditions in its home markets. In spite of this major challenge, however, there appears to be no sign that it is having to yield up its dominance of these markets to the American-owned international manufacturers, in spite of the latter having had the advantage of more robust home markets for the past couple of years.

The industry's burst of growth came in the late 1960s and early 1970s, when lift trucks were being substituted for manual handling methods. Companies based their expansion plans in expectation of growth rates of 10 per cent and higher continuing well into the foreseeable future. Although less affected by the recession than other industries, came as a rude shock when the boom was followed by the long recession and growth targets bad to be abandoned.

Mechanical bandling still tends to be the Cloderella of company investmeot programmes. As one marketing manager ruefully comments: "Manufacturers always look to oon-productive equipment when they are searching for areas where they can cut back oo investment.

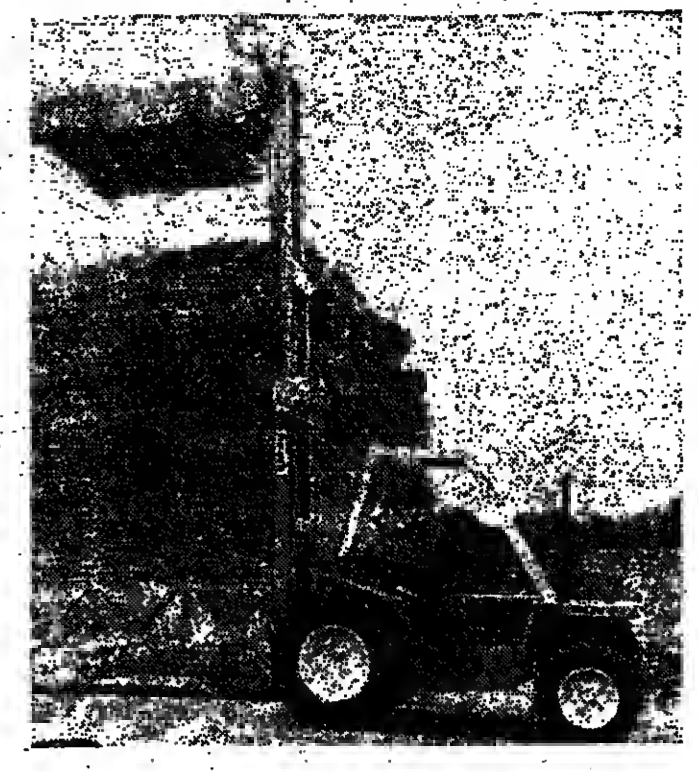
The consequence of Europe's poor growth record has been to intensify competition both in the industry's bome markets and outside Europe. Areas like the Middle East, in particular, have become very sought-after markets. If a sizeahle contract can be secured—as Lancer Boss achieved recently in Saudi Arabia—it can make all the difference to the volume of production, and therefore to margins. Aside from the Middle East, however, mechanical handliog has yet to become accepted in most of the developing world.

Adding to the problem of Europe's overcapacity is the presence of the Japanese manufacturers. Estimates vary on the degree of success that lhe Japaoese are having in Europe, but most companies seem agreed that it is in the region of 10 per cent in the UK and Germany. In Holland and Denmark it is as high as 50 per cent. Japanese efforts have heen largely in the IC (internal combustion engine) trucks, but they are now coming in witb electric trucks, "at embarrassingly low prices," according to one manufacturers.

Main Japanese producers are Komatsu and Toyota. Komatsu aonounced recently that it is hiving off lift trucks from the much higger construction equipment interests in Europe, and has set up a separate European company for the marketing, servicing and spares provision for lift trucks.

Tha industry has seen extensive price-cutting in recent months, particularly in the lower-priced volume ranges. Some of the industry blames the growing presence of the Japanese maoufacturers, who have managed to keep prices up to 20 per cent below those of Europe in spite af the appreciation of the yen. Other manufacturers have followed suit in order to maintain market shares. But the impetus comes not only from Japan — one UK manufacturer says he is more worried hy the prices being quoted by some Swedish and German companies.

Where European companies have decided they could not compete with the Japanese — and other cheaper sources — on prica, they bave tried to demonstrate their strengths in superior engineering. Companies bave always laid great stress on their researcb and development facilities, and it has heen demonstrated tbat failure to keep up on technological innovations will cost a company its market share.



The Salev TT Farmslave fork lift truck

Developmeots of the lift truck include the rough terrain truck, in which the Frencb have been particularly sncccssful. Although used for some indoor work, their robustness tends to lead to them being used mostly outdoors. Another development is the telescopic handler, whicb its makers *claim* can do any number of handling jobs which are impossible with masted trucks. Again, these are used extensively in outdoor work, are rough terrain trucks), and and particularly oo farms (as in construction work. J. C. Bamford which brought out its version about 18 months ago, says that it is also being used a lol *in* factories.

But most people in the industry admit that the truly innovative period of the lift truck is over. The next big step will be in electronic control — driverless trucks, etc — but tbe industry expects (and hopes) that this will come but slowly. Fully automated bandling systems are the speciality of a *few companies* both in the U.S. and Europe (the Eaton Corporation recently took over Kenway in the U.S. which offers bighly sophisticated systems) but certainly for most requirements, current mechanical handling systams are satisfactory.

Companies continue to work on new product ideas—improved visibility masts are becoming an acceptable feature. Most of the new developments in trucks are likely to be in this category—that is, increased safety and comfort for the driver rather thao superior performance. A very high proportion of factory accidents involve lift trucks, and efforts to improve hoth the driver's methods and the safety of the equipment be is driving will continue to be bigh on the priority list of technical development needs.

Another area of improvement will be fuel efficiency, and in the case of the diesel engino powered trucks, progress has been made by manufacturers like Perkins (wbich supplies 30 per cent of all diesel engines in lift trucks worldwide) in introducing quieter and cleaner engines. If Government fuel emission requirements in Europe follow those of the U.S. Government, such considerations will probably have to be incorporated into trucks.

Driver comfort and safety atandards are bigbest in Sweden, but it is the French who recently caused a minor storm wben they insisted that all imported trucks conform to new standards. Tbese were widely seen in the industry as being unnecessarily stringent, and more in the nature of protection for the French industry rather than a contribution to safety progress. Most companies conformed, bowever, and often at considerable cost, simply because the Frencb market is too important to ignore.

The European Commission is expected to come out with ils safety standards in two years time or so—the FEM, which is the federation of European lift truck associations, is belping to draw up the standards now. Meanwhile many companies are already incorporatiog the sort of standards which are expected lo be included in the Commission's final deliberations.

Development expenditure, and extensive servicing and spares requirements, are naturally mainly the prerogative of the bigger companies. In spite of the presence of several American-owoed international companies in Europe, the home-grown manufacturers still dominata the main markels, laking at least first and second places in market shara.

In the UK it is Lansing, followed by Coventry Climax. In Germany it is Linde (plus Still, whicb is owned by Linde but distributes and sells as a separate entity). In France it is Fenwick and in Italy Fiat. Linde is the biggest European prodncer—in 1978 it was going for 11,000-11,500 units—followed by Lansing and then Fiat (10,000 units annually, although it has capacity for 20,000). In terms of Japanese volumes, however, these are small, and the question will continue to come up as to bow long the European producers can compete on their current volumes. The only mass-producer tn Europe is Balkancar, in Bulgaria, but it has so far had little presence in Western Europe.

The industry has seen some rationalisation recently. Coventry Climax in tbe UK, for instance, took over Conveyancer a couple of years ago in order to extend its range and increase prodnction capacity. The question of product range has faced companies in similar industries —in construction equipment, for example, where the accepted wisdom for some time has been that companies could only competa on a long-term basis if they can offer a complete range of products.

Despite this, small specialist companies continue to survive and are sometimes more successful than the larger companies. Much the same applies to lift trucks, where Europe boasts bundreds of small manufacturers catering for particular needs.

Nevertheless this is an industry which lends itself to volume production, and it is questionable whether the main European producers will always hold on to market shares against Japanese, East European and other competition. The big American-owned corporations which have taken on Europe are Caterpillar manufacturing at Leicester, Hyster in Scotland and Holland (and Northern Ireland in two years time), Allis-Chalmers in France, Clark at Mulheim, Germany, and Eaton at Wednesfield in England and Velbert in Germany.

The difficult economic conditions of the past few years, however, have hindered their expansion plans for Europe. Caterpillar, for example, has capacity to make many more trucks at its UK plant than it is doing now. Eaton has recently decided to rationalise its two-country production, and concentrate manufacturing on the UK. It has thus reversed the process by which Clark pulled out of the UK and concentrated on Germany, although Eaton will be keeping Velbert open in order to manufacture for the domestic market.

Many European lift truck factories have been on short-time working in the past couple of years. Few manufacturers are operating at more than 70-75 per cent capacity. There have also been redundancies in several companies; the workforce at Eaton's plant in Velbert, for example, has been cut by about a third as a result of rationalisation.

When the market begins to pick up, therefore, the industry should be slimmer and more efficient. Companies are improving their spares distribution and servicing back-up facilities all the time, despite the squeeze on margins. In fact they cannot afford not to in the current climate. All this means that the industry is deriving greater strength during this difficult period, and will be in a better position to take advantage of export opportunities when they occur. One of the more internationally orientated of the mechanical handling industries, it shows every sign of being able to hold on to that lead in its own aggressive way.

Hazel Duffy

PROFILE: LINDE

Steady record of success

LINDE AG of West Germany turned in a record performance last year but is taking a cautious line about 1979, its centenary year. With eoergy costs on the way up and no guarantee of stable exchange ratea, the company is not prepared to make any firm predictions. On the basis of its high order level, however, and the pace of business in the first quarter, it nonetheless expects "another satisfactory result."

The gronp's mechanical handling activities are one of the mainstays of its business, which also includes industrial gases, machine tools, plant construction, hydraulics and compressors. Like most major German industrial companies, it is heavily export-orientated, last year making more than a third of its sales abroad.

Of the group turnover figure for 1978, mechanical handling accounted for just over DM 590m against DM 523m the previous year. This was by far the largest slice of the DM 1.8bn total, up from DM 1.7bn to 1977, the next major sources of sales being tndustrial plant and gases with around DM 400m each.

Linde's record profita last year — a 10 per cent rise to DM 37m at the net level after ooe of nearly 13 per cent to DM 107m before tax—prompted the board of the Wiesbaden company to pay a special DM 1.50 bonus to shareholders to marke its centenary, as well as a normal DM 8 dividend.

The company, like most German businesses, does not break down its profits according to activities. It atates in its annual report, thougb, that the mecbanical handling division, comprising the Gueldner Aschaffenburg operation and STILL GmbH of Hamburg, improved order inflow as well as sales aod boosted their market position further.

Sales of fork lift trucks in Germany reached their highest level last year sinca 1971, baving already climbed sharply in 1977. Tbe main purchasers came from the metalworking, food and building material sectors, with foreign demand also increasing. Linde achieved 50 per cent of its sales of mechanical handling equipment oulside Germaoy, where customers in France, the UK, Italy and Hollaod were the biggest buyers.

The new R50 range of STILL electric lift trucks with a 1-1.5 tonoe lifting capacity contributed solidly to the sales rise, as did Gneldner Aschaffenburg's new H12/15 (1.2 to 1.5 tonnes) and H35/40 (3.5 to 4 tonnes) diesel lift trucks. Capacity at both the Aschaffenburg and Hamburg plants was fully utilised last year and has also been expanded.

Just over a third of Linde'a 1978 capital expenditure of DM 91m went on tbe mechantcal handling and hydraulics divisioos—more was spent on the gas activities—and these will remain among the company's favoured investment areas.

In line with the growth in foreign sales, Linda has been increasing the scale of its operations outside Germany. Its foreign marketing network has been strengthened and the product range of the U.S. subsidiary, Baker Material Handling Corporation, based in Cleveland, has been augmented by Linde electric and diesel lift trucks. The U.S. company, which should at least break even this year after a disappointing sales and earnings performance in 1978, began its production of Linde trucks with the 1.5 tonne capacity electric three wheeler.

Although Linde started life in June 1879, it was not until the early years of this centory that it entered the field of materials handling. In 1904, Gueldner-Motoren was founded in Munich with the participation of Carl von Linde, and this company became a subsidiary of Line AG in Aschaffenburg in 1929, the forerunner of the present Gueldner Aschaffenburg division. Before that the group's activities had been mainly concentrated nn refrigeration and gases.

By making mechanical handling one of its chief areas of activity, Linde has become one of the international leaders in fork lift trucks and is Europe'a largest manufacturer of hydrostatic trucks. The advantages claimed for the latter, which are powered by diesel engines, are simple and flexible controls, low noise levels, higher productivity, and cleanliness. Tbe latter quality is especially important for the food and drink industries and paper and cardboard manufacture where there must be no exhaust contamination of the finisbed product.

It was Linde's experience in bydraulics that gave it the initial impetus for its own hydrostatic transmission design. The company made and installed the first such transmission in a lift truck nearly 20 years ago. This, in the company's own promotional language, "pioneered a major advance in lift truck tecbnology which othera are still striving to achieve today."

Constant maintenance of its products, Linde adds, is rendered unnecessary by the fact that its lift trucks have never had conventional wear items like mechanical brakes, clutcbes, gearboxes or torque converter components.

Whatever the strength of these sales points, however, Linde clearly depends to a great extent on the buoyancy of the export market. German companies have long shown their ability to combat the steady rise in the Deutsche Mark. This year they stand to benefit from its slight easing in the wage of the dollar's recovery. On the other hand the rise in oil costs and accelerated inflation conld dampen their progress. Hence Linde's sober assessment of the 1979 outlook.

Andrew Fisher

the motions signal a victory
But it called for Holland
York, N.Y. and at additional ... centres.

Fitting driveline components to a Yale lift truck at Eaton's Wednesfield plant

PROFILE: EATON

A new structure

THE EATON Corporation has seen some fundamental changes in its structure recently; it sold off the Yale interests, which were considered to be outside the mainstream of the group's activities. Since then it has expanded its interests in advanced technology, electrical systems, by buying up Cutler-Hammer, Samuel Moore, and Kenway—all American companies.

In materials handling, which represents about 10 per cent of Eaton's total business, it has also seen some important changes, although on a much smaller scale. European sales represent about a fifth of Eaton's materials handling division, most of the balance coming from the U.S. The difficult economic climate in Europe has made the going far from easy for Eaton in the past two to three years, and after mounting losses in Germany the decision was taken last year to rationalise the production range of its two European factories.

All European marketing has been centralised in the UK, where Eaton has a factory at Wednesfield, Staffordshire. Since April this factory has also taken over all manufacturing for the UK and export market, except Germany.

The German plant at Velbert, near Dusseldorf, will continue to manufacture certain products for the domestic market, importing others from the UK and Japan. Certain components will also be imported—all mast production, for example, has been centred on the UK, while transmissions come from Japan. Both Eaton UK and Germany use predominantly Perkins engines. The workforce at Velbert has been cut back by 245, representing about a third of total employees. The Wednesfield plant is meanwhile taking on another 180 workers to cope with the expanded production, while the factory has been rearranged and extended.

Logical

The Eaton solution is logical considering both factories have been working at below 70 per cent capacity. The only surprise is that it has decided to keep Velbert open, when the tendency for American-owned lift truck companies has been to centre their European production on one factory. The reason, says Eaton, is that the German market is vital to European success, and most companies agree that it is necessary to manufacture in Germany in order to sell there. Eaton plans to return to profit within a couple of years at most from its slimmed-down German plant.

Eaton has had a difficult time in Germany in recent years. Its ranking in the market has dropped back to third or fourth. The mistakes have been identified as: (a) falling behind in technology; (b) waiting much too long to move from centralised selling to dealerships, while the German salesmen argue that (c) the change from the name BKS, by which Eaton products used to be known in Germany, to Yale, and now Eaton, has weakened market credibility.

Eaton hopes to catch up on its German sales quickly, and plans to increase its current market share from an estimated 7 per cent to 10 per cent with the help of new models. The factory will continue to make electric trucks up to 1.6 tonnes, both three and four-wheeled, as well as a range of diesel-engine trucks. Eaton brings in its small electric trucks from Japan.

The reasons for choosing the UK as its production centre are that Eaton has a stronger presence in the UK market, while lower wages make it a more economical country in which to manufacture than Germany. Productivity is said to be about equal between the two factories. The Wednesfield plant has enjoyed good labour relations, and this was a factor which helped sway the decision in favour of the UK. With the transfer of some of the German production, and the introduction of new models, Wednesfield will be working at much more efficient levels of production.

Eaton's European interests (they include truck components as well as materials handling) have not been successful in the recent past, although its acquisition of three American companies in the past year has brought it more profitable outlets through their European licensing activities in 1978 the traditional activities in Europe were loss-making, however. The corporation believes the programme on which it has embarked will bring it into profit within a couple of years in Europe (worldwide the group made a profit of $131m last year). If not, it is unlikely that a group which has expanded significantly in the past year would want to bear consistent losses.

H.D.

PROFILE: LANSING BAGNALL

The specialist approach

LANSING BAGNALL is the main subsidiary of the privately owned Kaye Organisation. It is a good example of how a company without access to the stockmarket has grown both internally and by acquisition and has managed to stay ahead of its rivals in a very competitive field.

Founded in 1937, the company moved to Basingstoke, Hampshire, in 1948, where it now has six factories. It expanded rapidly during the 1950s and 1960s, and now estimates it has around 25 per cent of the UK market.

The company's progress was built up on its expertise in electric trucks and these still represent about two-thirds of its production. It reckons to have a 36 per cent share of the market in the UK for this type of truck, and claims that its share of diesel trucks is growing.

Pioneered

The key to Lansing Bagnall's growth was its development of the reach truck, which it pioneered. These narrow aisle trucks are compact and designed to save space, and the success which Lansing has enjoyed has encouraged many other companies to go into their manufacture. Lansing Bagnall still dominates the market in the UK, and has added to the range with the turret truck, which is used extensively in modern high bay warehouses, and a range of order pickers.

But Lansing soon realised that if it was to stay ahead in the lift truck market it needed to offer a wider range of products than was provided by its predominantly electrically powered base; in 1976 it took over Henley, a company which had concentrated on diesel trucks, and thus achieved by acquisition what would have been a costly venture on its own. All the group's diesel trucks are made now at Lansing Henley's factory in South Wales.

Again using the acquisition method, the group expanded some 18 months ago by buying up Bonser Engineering. The company has a variety of engineering interests, and also makes a range of industrial trucks. These are currently being marketed through Bonser's own distribution system, which means that some of them are being sold in competition with Lansing's own range. It is recognised that in time, there will obviously have to be a rationalisation of products, but there is unlikely to be a move in this direction until the market generally has strengthened.

Lansing's reason for acquiring Bonser lay in its desire to expand into the rough terrain truck. Bonser has about 20 per cent of this expanding market in the UK—a market which is dominated by the French to the extent that it is estimated they have 60 per cent of the UK market.

Contrary to the techniques of volume production which are followed by the American and Japanese lift truck manufacturers, Lansing Bagnall has continued to emphasise its specialist approach. The company buys in fewer components than most other manufacturers, and does its own electrical assembly, in Basingstoke. It also meets 40 per cent of its fabricating needs and 60 per cent of its machinery needs in house. This "customerisation" attitude would seem to be higher cost, but the company believes that it pays to have direct control over a large part of its manufacture.

Mr. Derrick Larkins, joint managing director, admits, however, that the company is feeling the competition from the volume producers, and also from UK competitors. He adds: "We need both standard and custom-made trucks."

He believes that specification, delivery and price are the most important ingredients for staying ahead, and he puts them in that order. "Staying ahead of technology" is essential, and Lansing Bagnall has a design and development staff of about 300. The company does not say how much it spends on this side; the work is mostly concerned with product improvement rather than new design.

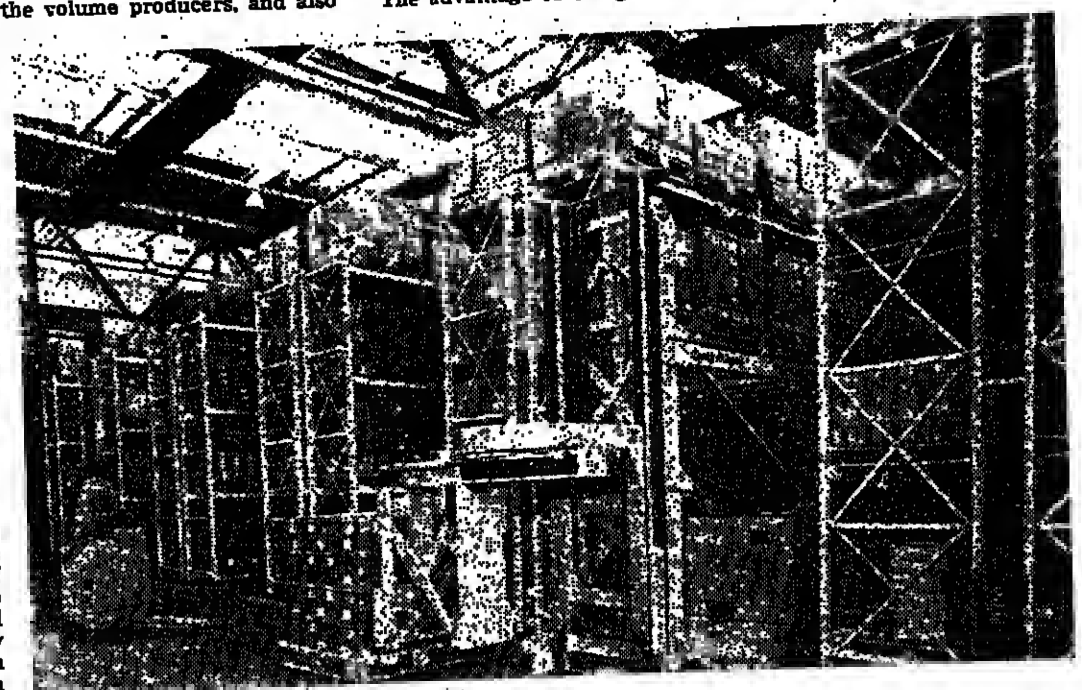
Exports

Lansing Bagnall exports 40 per cent of its production, of which about one-third is destined for Europe. Marketing in Europe is administered from Switzerland, which is also one of the company's most successful sales areas. It has a German subsidiary with a factory employing some 400 people at Roxheim (the Lansing group as a whole employs about 7,000). It reckons to have about 5 per cent of the German market; and produces certain trucks — like three-wheeled electric trucks — which have little market outside Germany. The German factory is also making for export. Lansing also has an assembly plant in Australia.

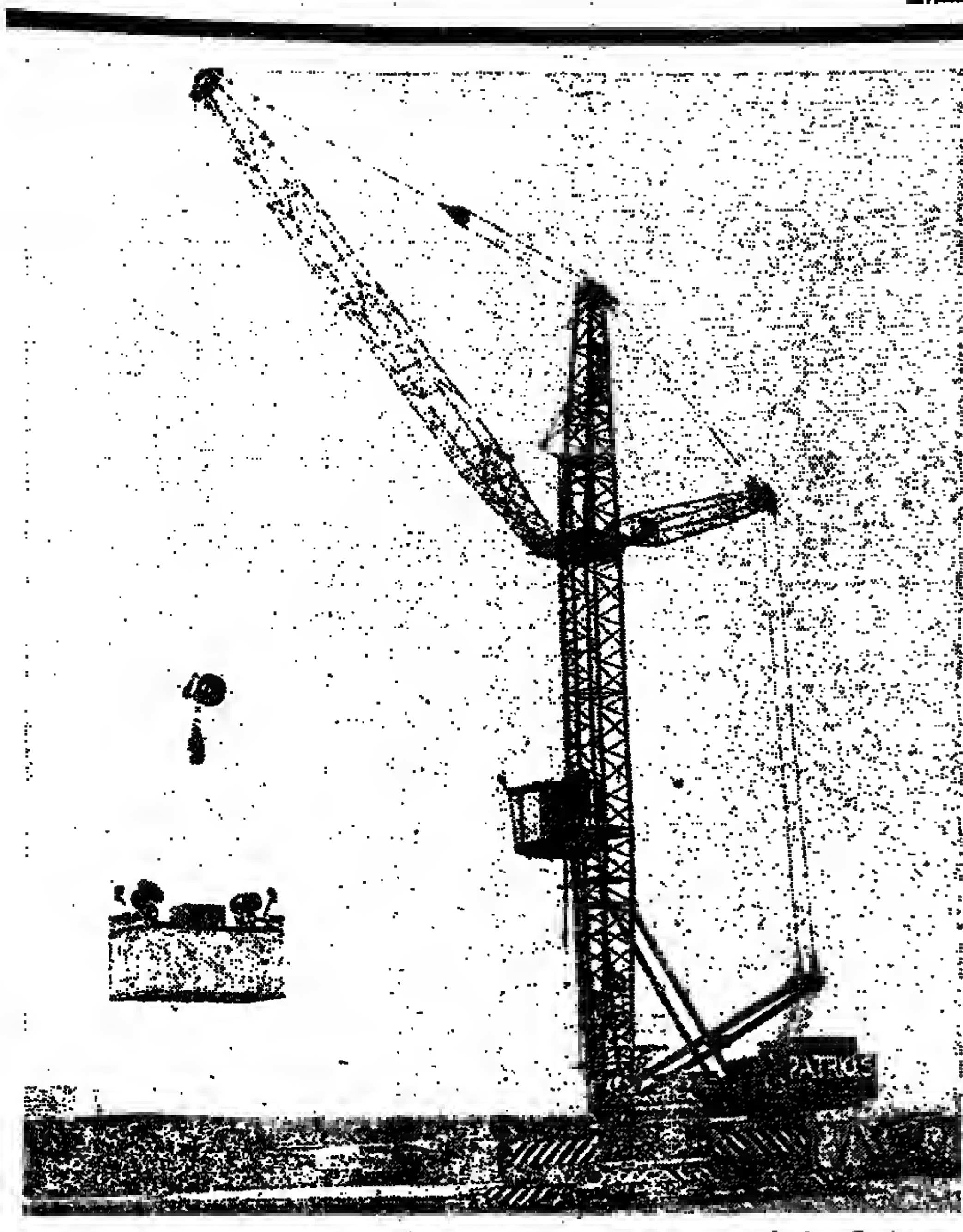
The advantage of being a private company, says Mr. Larkins, is that all the profits can be ploughed back into the company, and it cannot be the target of takeover bids. Certainly the company's private status does not seem to have hindered it to date. In some respects it has done all the right things like extending its range through acquisition rather than expensively trying to carve a place in diesel trucks for itself, and getting into the expanding market of rough terrain trucks. It is also strong on technological development and improvement, and the quality of engineering is high.

But it may be forced to shift some of its tactics if it is to maintain its market share in those products where it is not market leader. In reach trucks Lansing has been able to ensure that the market has not fallen prey to the price-cutting common in smaller diesel engine trucks; but in areas other than this is does not have the same strength. In time also — although Mr. Larkins believes that size does not necessarily produce advantages in terms of unit costs — Lansing will probably have to choose between staying where it is, or becoming the focal point of the British-owned lift truck industry.

H.D.



A Lansing Bagnall turret truck on which the load (not the whole truck) can be revolved and then extended. Aisle width can therefore be reduced



A Coles Colossus HLT4000 crane belonging to the Patrick Stevedoring Company at work in Australia

CRANES

Orders in short supply

THE CRANE industry is really a series of industries, ranging from heavy-purpose-designed cranes which are used in docks, steelworks and similar applications, through to light overhead travelling cranes which are an essential method of moving materials in almost every factory and warehouse. Companies tend not to manufacture the whole range, although there are a few important exceptions like Herbert Morris, which has been extending its range in recent years.

The one sector which is usually regarded as quite separate is mobile cranes. This is because they are used more by the construction industry than in materials handling. But Coles Cranes—part of the Acrow group—which is wholly engaged in mobile cranes, estimates that 40 per cent of its cranes are being used for materials handling purposes. A new range of mobile cranes, capable of lifting much heavier loads, is opening up markets among the port authorities in the Middle East, Australia and Malaysia.

Most port authorities, however, still settle for the fixed crane. The trouble is that the home market for these heavy and sophisticated pieces of equipment has virtually collapsed. The same goes for the heavy overhead cranes used in the steel, shipbuilding and power plant equipment industries. Together these industries and the ports are estimated to take about two-thirds of the output of heavy cranes. Tight Government-imposed restrictions on the nationalised industries' investment programmes have led to a virtual drying-up of orders.

The situation is serious enough for some of the manufacturers to be considering asking for some sort of financial assistance from the Government, so that they will at least be able to keep design teams together. The lack of orders from the home market means that companies have few new products to show prospective overseas purchasers, thus making exports that much more difficult. Many companies fear that they will be technologically uncompetitive unless they get more buoyant demand from the home market.

Nor is the problem confined to the UK. The recession in the steel and shipbuilding industries has led to cutbacks in investment throughout Europe, and workforces in the crane industry have been put on short-time working or made redundant.

Despite these problems companies are managing to win export orders. The most promising source of orders is still the Middle East, although the slowdown in the rate of expansion in these countries, and the Iranian revolution, has made it a less promising area than two to three years ago. But several new ports are still scheduled to be built in the Middle East, and these will provide valuable work for the industry. British manufacturers, however, are finding such markets extremely competitive, and are particularly critical of the low prices that the Japanese are quoting.

The response of the heavy crane industry to the market situation has been to rationalise and slim down, although rationalisation has not gone as far as the industrial planners think is probably necessary if the industry is to compete overseas. Adamson Butterley (part of Norcros) is the leading supplier of steelworks cranes. It recently bought John Smith of Keighley from the Thos. Ward group. The merger will give Adamson Butterley a stake in the medium to lighter overhead cranes, a sector of the industry that has been doing much better than the heavy end.

The Wharton heavy cranes subsidiary of Matterson (part of Williams Hudson group) is being whittled down from 200 employees to just 25, at which level it will retain a small design staff and spares and maintenance team. The company says that the market situation forced the decision on it about six months ago, and it will no longer manufacture cranes.

The German company DEMAG is a major competitor of Morris. DEMAG produces a range of overhead and suspension cranes, as well as other types of mechanical handling equipment, and is probably the most successful company of its type in the world. It is the largest manufacturer of cranes and hoists in Europe. DEMAG has an important manufacturing plant at Banbury, and has been particularly successful in the UK market with its light to medium cranes.

One of the largest UK manufacturers of heavy cranes is Stothert and Pitt. The group specialises in rail-mounted cranes for ports and harbours—one of the most depressed areas—but has managed to get overseas orders in the face of intense competition. It is also still doing maintenance work on the big £15m order which it won in 1975 for the supply of 66 dockside cranes to Saudi Arabia. But so far it has not had another order of this size.

A very large part of Stothert and Pitt's work is for overseas, while it is also engaged in an asset and modernisation programme which is costing roughly £1m a year. This is regarded as essential if the company is to maintain its competitiveness.

Clarke Chapman (now part of the Northern Engineering Industries group) makes a range of cranes, but like the rest of the industry has found the going tough at the heavy end. It has had to cut back over the past year, reducing its workforce by around 10 per cent but has been taking on some sub-contract work, and via diversification it is making other products. It also has the advantage of being part of a much larger engineering group, which has been strengthened since the merger of Clarke Chapman with C. A. Parsons to form the NEI group.

The cranes industry is still too dependent on the home market, however. In spite of the recession in the industrialised countries, world consumption of cranes is increasing. But the British share of this world market is declining. The industry's sector working party will be examining the possibility of co-operation between manufacturers in export markets this year, while pressing for the large customers in the UK to encourage the industry by ordering new designs wherever possible.

Series-produced light and medium cranes are enjoying more buoyant markets than the heavy crane manufacturers, although they say that their order books are still far too short. The increase in industrial investment over the past couple of years has been an important element in this recovery. Most investment forecasts expect this increase to moderate during the current year, however, and the factory and warehouse crane companies must expect to feel the effects when they have completed orders on hand.

As well as Herbert Morris and DEMAG in the UK, other companies at the lighter end of the market include Matterson (which should be strengthened by the decision to run down Wharton), J. H. Carruthers (owned by Burmah), John Smith (now owned by Norcros), Clarke Chapman and several smaller manufacturers. This is a less sophisticated branch of engineering than the heavier crane end, and one in which the smaller company, with its lower overheads, can compete.

The key component in crane manufacture is the hoist block. Companies making this product are usually those at the lighter end—like DEMAG (particularly successful, Herbert Morris, Matterson and others—and they have found the market much more buoyant than for the finished product. Hoist blocks can be manufactured in volume and marketed more easily than the crane itself, both in the UK and overseas.

The crane industry, like most of mechanical engineering, is wholly dependent on the health of other areas of industry. The economic stagnation of British manufacturing industry over the past four to five years has emphasised the necessity for maximum efficiency and technological superiority among its suppliers, and the need for them to be more vigorous in their search for export markets.

H.D.

PROFILE: DEMAG

Export successes

The DEMAG Manulift lifting unit in a gearbox assembly shop

EXPORTING AND engineering are two activities at which the West Germans are generally held to excel, maintaining their industrial power and profile in the face of stiff and growing competition and an historically strong currency. There is no shortage of companies which could be picked out to illustrate this, but DEMAG, firmly ensconced within the Mannesmann empire for nearly six years, would be a fair choice.

During 1977, the last year for which full figures are available, exports accounted for more than 60 per cent of its total turnover. Its materials handling division contributed nearly two-fifths of the group sales total of DM 2.3bn, a 9 per cent rise on the 1976 level, far outpacing DEMAG's other main activities such as compressors and pneumatic equipment, metallurgical plant and construction machinery.

DEMAG's sales organisation, which is spread over 150 countries, is chiefly concentrated in Western Europe. But the company has been stepping up its efforts in areas of new potential like the Near and Middle East and South America. In addition, Africa and the Far East have risen in significance as developing countries have become industrially more ambitious.

Nine months into last year DEMAG was reporting rises of 9 per cent in its sales and 10 per cent for new orders. No figures were given by the company, but it said that domestic orders in the first three-quarters had risen by 17 per cent, contrasting with the slower domestic increase of 6 per cent. DEMAG's net profits in 1977 totalled DM 28m, a steep advance from the DM 11m earned the previous year.

Creditably

Set against the parent Mannesmann group, where net profits in 1977 fell by nearly 21 per cent to DM 104m on slightly reduced sales of DM 11.7bn, DEMAG's performance emerges creditably. Mannesmann continued to suffer from the general malaise in the steel industry, where its main involvement is in steel tubes, while DEMAG drew strength from its export business, with a 14 per cent foreign sales boost to DM 1.4bn, and capital goods activities.

But 1977 did not bring about the sustained revival in orders which had been hoped for, a reflection of the stagnation experienced for several years in Germany's mechanical engineering sector. In the materials handling division the order inflow showed a 4 per cent drop, although actual deliveries were 8 per cent higher.

The product range of DEMAG on the materials handling side covers overhead and suspension cranes, grabs and magnets, electric hoists, conveyors, systems for urban transport, suspension tracks and integrated handling. In Europe the company is the largest manufacturer of cranes and hoists. Its overhead cranes are also made by affiliates in Europe, North America, Australia, Brazil, South Africa and other countries.

DEMAG has recently supplied the South African harbours of Cape Town, Durban and Port Elizabeth with huge 72-metre high container cranes, having a cantilever reach of 85 metres and a lifting capacity exceeding 40 tonnes. The motor industry, a welcome source of profitable business to the German machinery industry at a time of sluggish home and export orders, has also benefited DEMAG, which is providing Daimler-Benz with an automatic suspension track system consisting of 7,000 metres of track with 417 switches and 58 lift sections; more than 2,400 computer-controlled suspension vehicles will take care of all handling operations.

In assessing the progress of its foreign activities DEMAG stated in the 1977 annual report that business had declined in France, but continued to move ahead in the UK, where the last few years have seen a steady upturn.

Its sales in Britain rose by 18 per cent to DM 85m, more than in the U.S., with the materials handling side able to keep up its market position. Again, the lengthy boom in the German motor industry contributed to DEMAG's UK performance, with VW Storage of Ramsgate putting in an order for the building of a high-bay warehouse.

Last autumn DEMAG announced the completion of Volkswagen GB's new £7.5m headquarters complex at Milton Keynes. The Banbury-based subsidiary of DEMAG designed and installed the materials handling system for the complex, which consists of a new parts warehouse, a training school with workshops, and offices. The relationship between the two companies stretched back over some seven years after VW first considered building a central distribution warehouse and asked DEMAG to make proposals.

With its heavy reliance on exports, DEMAG should gain from the easing of the Deutsche Mark which has taken place in recent months. Since the U.S. announced its dollar support package last November the currency has risen by 9 per cent against the Mark. On the other side of the coin, however, are the inflationary consequences of higher import and fuel costs.

Andrew Fisher

MECHANICAL HANDLING VII

PROFILE: HERBERT MORRIS

A colourful history

A 5 tonne double girder universal crane supplied by Herbert Morris for the main workshops of John Taylor and Company (bell founders). The crane is installed in one of the two remaining bell foundries in Britain

Herbert Morris had a French connection long before that phrase gained currency. Morris in fact started the business in Paris some 80 years ago with the help of a very good local pulley block. It was an unusual beginning for a company later destined to star in one of the more bizarre episodes of industrial life before practically swooning into the arms of Davy Corporation in a triumphant "all's well that end's well" denouncement.

Having prospered in Paris Herbert returned to London and then moved to Loughborough, where the company now has a 49-acre site incorporating nearly 40,000 sq yds of productive area. The 1,200 labour force is split into three main areas of activity—heavy cranes and conveyors, industrial cranes and hoists, and chain hoists. It is one of the major companies in this sector of mechanical handling.

But like others in the later 'sixties it felt the insecurity of the times. As a family concern struggling to make its way in a changing world it needed outside help to survive.

It got it in the shape of a new and high-powered management team that began in 1969 to sort out the problems of design, production and marketing and put it on the road to expansion. One of the first things it did was to commit £1.25m to double cranemaking capacity and rationalise production and the product range.

To counter the cyclical nature of crane business the conveyor activity was revived, and soon got a health-restoring £1m order. The lift business was also resurrected for the same reason. The marketing of smaller items, like the traditional pulley blocks and hoists, was completely reorganised. By these and other changes, and by taking the workforce along with them, management turned a lack-lustre family concern with a poor profits record and low morale into an alert professional enterprise selling 30 per cent in export markets. There were few better examples of the way in which British manufacturing industry could be regenerated. It attracted many eyes.

In the early-70s Morris went through a painful time. A block of shares representing 30 per cent of the capital changed hands and new American directors joined the Board, only to move out again after a brief stay. The shareholding was acquired by Amalgamated Industrials (AI—then E. and H. P. Smith) as a platform to launch a bid. Mr. Teddy Smith and Mr. Per Hegard were on the Boards of both AI and Morris. Having acquired a further 4.5 per cent in the autumn of 1975 they were obliged by the Take-Over Code to make an offer for the rest of the shares.

Battle

It was the beginning of a battle that lasted 18 months during which three other companies fought for Morris, now much tougher, resilient and altogether determined to stay independent. A potent factor in this was the hostility of of employees to a take-over now that things were improving so much.

In May 1976, the Monopolies Commission stepped in to bar the projected merger with AI, only the third time it had acted in this way. "In our view there is a serious risk that either merger situation will interfere adversely with the progress of Morris, including its contribution to the balance of payments, will cause serious friction in relations with trade unions and employees and will make it more difficult for Morris to raise funds from banks and finance houses. We can see no countervailing advantages."

The Commission's report then referred to the Department of Trade's investigation into AI's parent concern, Ramor Investments. It was not possible to ignore the "widespread distrust" of Mr. Smith and Mr. Hegard which stemmed from an impression that they were primarily interested in making quick financial gains. AI was ordered to bring its holding to below 10 per cent of the issued capital.

That was victory No. 1. Implicit in the Commission's findings was that the future of Morris should be protected. But the entire stake passed to the heavyweight engineering company Babcock and Wilcox, and another battle was ahead. Morris's stunned reaction to this bid out of the blue was rejection. The Monopolies Commission again examined the issues to see whether the Babcock offer was for or against the public interest. Three members were against and two, including the chairman, thought it was not against.

This raised the whole question of the Monopolies Commission's activities and policies and for a time took the spotlight off Morris. Nevertheless in February, 1977, Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, gave the go-ahead to Babcock.

The decision was based on a section of the Fair Trading Act which states that "a conclusion contained in the report of the (Monopolies) Commission shall be disregarded if the report is made through a group and the conclusion is not that of at least two-thirds of the members of the group." To say that the Morris Board was deeply disappointed is an understatement. But fortune took another hand, prodded by some sharp detective work. This disclosed a hitherto undetected misprint in the 1973 Fair Trading Act and threw Treasury solicitors into a fine tizzy.

While this added spice to the battle, it nevertheless looked as if Morris's days of independence were numbered. That is until April, when another bidder appeared, not out of the blue this time but just down the road. This was Hawker Siddeley, whose electrical engineering Brush plant and Morris provided about half the local employment. This bid had the support of employees and the Board. Babcock dropped out of the running with a profit of more than £2m from the sale of shares bought only seven months previously.

Everyone heaved a sigh of relief and prepared to welcome their neighbours when there was another surprise twist. "With the suddenness of a genie Davy Corporation appeared holding 51 per cent of the Morris equity and an unconditional agreed £9.3m bid. The saga was ended, and also a rich slice of industrial and financial history.

Cranemaking, the Morris board might well muse, is not altogether about crane-making. But through this traumatic period the company was moving steadily from strength to strength and in the process becoming a more significant European force. Davy's familiarity with world markets has extended Morris' horizons and given it added financial muscle at a time when ship-building and steelmaking, two of the best customers for cranes, have been in the doldrums.

"Like all manufacturers we were experiencing some difficulty which would have been the greater except for the association with Davy," says Mr. Roy Stokes, managing director. Through its own efforts Morris has made substantial progress in offering products from 125 kg chain hoists to complete integrated handling systems and has built up a 30-35 per cent export content. A recent big contract has been to supply $25m of equipment to the Okpu Bay industrial complex in South Korea. This included about $5m worth of medium capacity cranage and crane kits.

Growth

Selling kits, the high technology parts, is a development that recognises the growth of steelmaking and fabrication in third countries. Extra business has also been generated by selling unbranded products like hand and electrical hoists.

Work on the Okpu contract has just about been completed, and while there is a new contract for cranage for an aluminium smelter in Dubai, main contracting business is hard to come by. All the same the order book is reasonably well filled and the company is pressing ahead to get deeper into the American market, a policy that should pay off in the future.

Stokes believes that the association with Davy will help it to take a leading part in the trend towards bigger package deals in the heavier end of the market and to become a key member of a rationalised and more powerfully effective sector of the UK mechanical handling industry.

Peter Cartwright

PROFILE: CLARKE CHAPMAN

Recipe for survival

MAKING BIG cranes is big business — when it's there. In the past few years the market has been contracting just as fast as the world's steel-making and ship-building industries, two of the crane's builder's main props. The impact on Clarke Chapman Cranes of British Steel Corporation's rationalisation was to slash orders from 60 per cent of the total order intake to 5 per cent last year. Prospects for this year are no better.

This is the kind of challenge that has had to be accepted in this and other industries, not always so successfully. Making heavy cranes costing up to £2.5m a time is a mansize job that stretches skills and demands a high degree of co-operation to stay competitive. Harnessing these skills and redirecting them into other areas of activity has been a particular pre-occupation and achievement of Mr. Roger Baker, Clarke Chapman Cranes' managing director, backed by committed line managements and willing shop floors.

Redundancies could not be avoided, but they were relatively few in a group employing some 2,500. Using the same inherited skills and new ones acquired for new tasks, they are now engaged on orders that reflect a complete turn around to 60 per cent non-crane projects — coke oven machinery, oil well drilling equipment, heavy industrial gearboxes, grabs, bridges and structures.

What helped to facilitate these changes, which in other industries have been accompanied by action committees, strikes and a determination to try to save jobs that did not really exist, was partly the structure of the group and the unambiguous lines of communications and responsibilities running in both directions between management and shop floor. A success for a manager is his success; a failure his failure, which cannot be shuffled off on to the sales office or wherever.

Clarke Chapman Cranes is a division of Northern Engineering Industries based on Leeds and should carry the identifying prefix NEI. The shadows were already lengthening when the crane and bridge division was formed ten years ago by the merger of the main British heavy-crane builders — Clyde Crane and Booth, Sir William Arrol and Wellman Cranes, and their associated companies under Clarke Chapman—which had been advised by Rothschild to expand as a defence against being taken over.

Clarke Chapman had long been interested in Clyde Crane and Booth and this was its first acquisition, which had the support of the then Industrial Reorganisation Corporation, now restyled and retitled as the National Enterprise Board. Wellman Cranes, whose products can be seen in steel-making plants round the world, and Sir William Arrol, about which the structural and bridge-building activities revolve, followed into group. In January lats year Thos. Smith, part of the Thos. Ward group, was acquired, bringing crawler cranes into the fold and a company well known to the Rodley, Leeds, headquarters since Thos. Smith has premises just down the road.

The group is one of the largest in the world making heavy cranes and bridges, and contains names to conjure with, like Sir William Arrol, of Glasgow, whose history spans immense changes from the building of the Forth railway bridge and London's Tower Bridge to the as yet uncompleted Humber Bridge, with the Severn Bridge in between, as well as the steelworks for Drax power station in North Yorkshire and a 100-tonne floating caisson for Harland and Wolff.

Eminent

Northern Engineering Industries is no less a roll call of eminent medium and heavy engineering and electrical companies formed by the merger of Clarke Chapman and Reyrolle Parsons. It has more than 60 manufacturing locations here and overseas carrying such internationally respected names as John Thompson, Bruce Peebles and International Combustion.

NEI Clarke Chapman Cranes, with about 2,500 employees out of a total of 38,000, contributes about 10 per cent of overall turnover. Roger Baker, its managing director, learned his craft from his father, John, head of the family firm of John Baker and Bessemer of Rotherham, near Sheffield, which made railway axles. John left to run crane makers Joseph Booth and Brothers, later to become Clyde Crane and Booth.

Crane building brings together complex engineering and electrical expertise, for a lot of work is custom-built to specific needs. These needs have altered greatly with changes in steel-making techniques and with the development of other customer industries. One of the biggest has been the phasing out of the open hearth process of steel making in favour of the electric arc furnace. A 250 hp crane would suffice for the former; more than 1,500 hp is needed for a ladle crane with it goes the necessity for high availability for a full ladle every 20 to 25 minutes.

From design concept, which is likely to include electronic weighing, to completion of acceptance tests takes these days up to two years. How do you make a crane capable of unloading a maximum 3,000 tonnes of iron ore an hour for the new Ravenscraig steelworks when every bit of its 2,000 tons must be accurate, especially the 63 tonnes grab? One way is to ask NEI Clarke Chapman Cranes. "Design," says Baker, "is almost our most precious asset." There is no common design office. Each product range has its own specialist team. "They do that thing only and they get better all the time. If we don't get the design right the first time we don't have a future." That goes equally for bulk unloaders, ship's cranes or anything else.

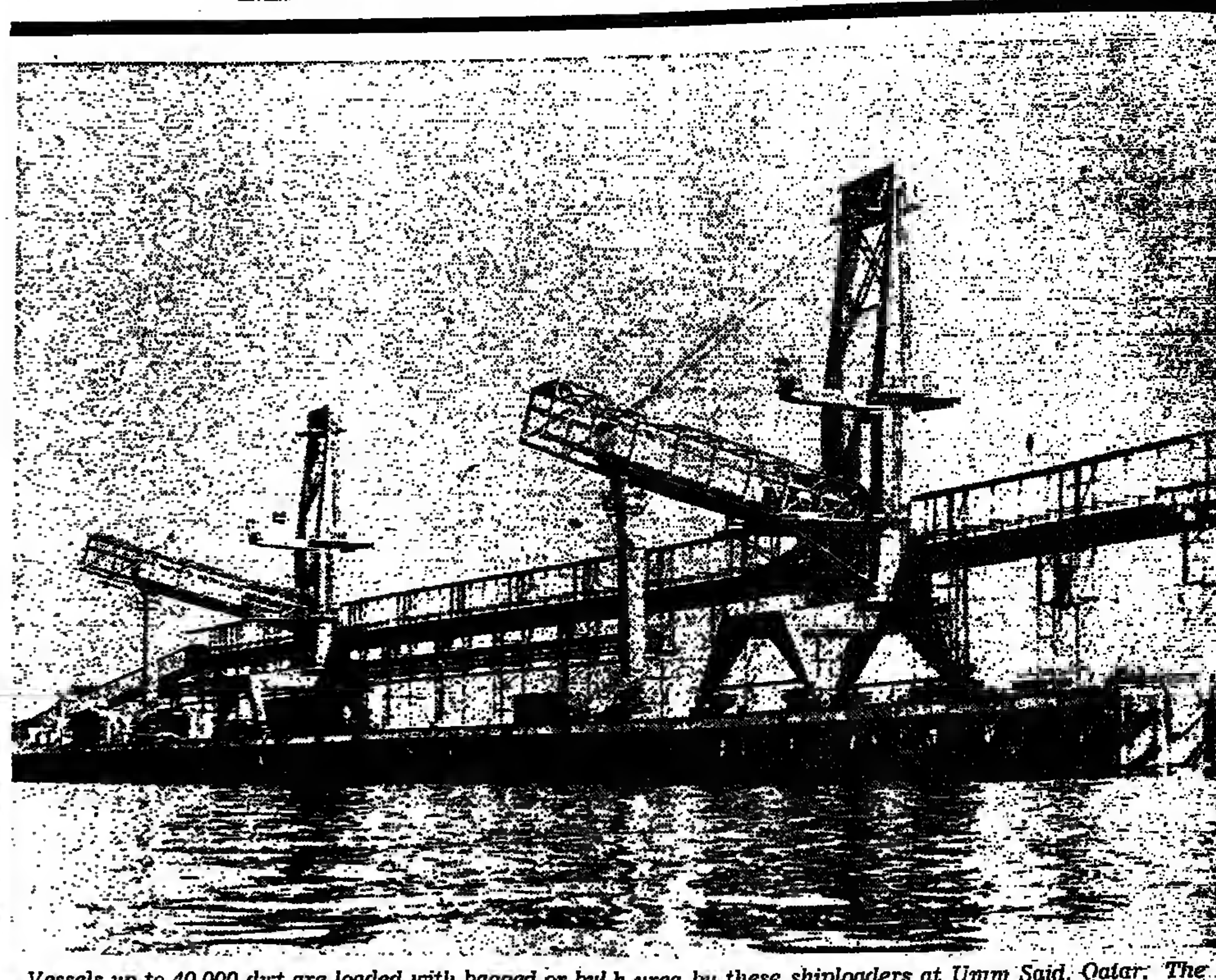
It has also helped the division to find new work outside its chosen field. While British Steel was pursuing over-ambitious schemes like Anchor and Port Talbot on a falling market NEI Clarke Chapman was looking for ways to fill the inevitable production gaps. One of these was a mud pump for oilwell production, a huge affair to lubricate the bore of the well and keep the cutting head cool a mile below the sea.

Representatives of the American customer came over and were impressed with the variety, if not always the modernity, of the equipment and certainly by the flexibility of both plant and workforce. In return a party, mainly from the shop floor, went to the U.S. to see the pumps made.

There is now a continuing £3m contract, one of a similar number outside the division's main interests, which have helped it to adapt and survive and express its manifold skills no less effectively. Clarke Chapman Cranes is not a misnomer, but it tells only part of the modern story.

Peter Cartwright

MECHANICAL HANDLING VIII



Vessels up to 40.000 dwt are loaded with bagged or bulk urea by these shiploaders at Umm Said, Qatar. The conveyor system was installed by British Ropeway Engineering of Sevenoaks

CONVEYORS

Export growth essential

THE CONVEYOR industry falls into two separate categories—the bulk handling of materials such as coal and iron ore and the unit handling of components and products in factories, warehouses, airports, and post offices.

In Britain, of the 200 main manufacturers about 10 per cent account for more than 50 per cent of the sector's output and about 90 per cent of exports. In the past it has been a largely home-based industry but now, according to a recent National Economic Development Council sector working party report: "Home sales having decreased, an upturn in exports is essential if some companies are to survive."

Both sectors of the UK industry—with relatively low profit margins compared with other areas of mechanical handling, low investment rates, and a depressed home market —need to formulate strategies to increase exports.

Between 1975-78, and in real terms, the conveyor domestic market has remained static, although through some export growth and import reduction both total output and positive trade balance have increased. But as one manufacturer said: "Never before have we been in such an urgent need of beating on people's doors to sell overseas.

Overall, the industry's sales saw very rapid growth in the early 1970s — reflecting the greater emphasis being put on materials handling by industry at large.

During the period up to 1978 total UK sales trebled (current prices) exports rose dramatically as a percentage of total sales and import penetration, after a brief rise in 1974-76, fell.

Now, with very little rise in demand from the home market, the industry which strove to increase capacity in the mid-1970s to meet demand, must look abroad.

The domestic industry has been particularly hit by cutbacks in spending by the nationalised industries such as the National Coal Board and British Steel—the major UK customers for bulk handling equipment. The Industry itself believes that the public sector should accelerate selected parts of its investment programme to stimulate advanced technology in those areas from which they purchase.

During the three-year period 1975-77 the UK's share of world trade rose from 5.2 per cent to 6.9 per cent in a declining market where West Germany's dominant position appears to be strengthening.

But the conveyor industry has established for its 1980s objectives a large increase in output and a doubling of exports within a five-year period.

The main area for expansion of exports will have to be Third World countries—according to some members of the industry—where competition from American, German and Japanese competitors is intense. But with the Third World—the basic market—developing its own handling manufacturers the UK has two options—either to develop more sophisticated technologies or make joint manufacturing ventures in these markets where the demand is increasing for "package deals."

Bulk handling contracts normally form part of large-scale projects. Sometimes the handling contract will be placed separately by the client or engineering client responsible for the contract as a whole. Sometimes it is incorporated in the overall contract. In either case the conveyor system supplier has to work closely with the main contractor. So in some ways the success of the British conveyor systems export drive depends on the success of the UK-based process plant contractors and the relationship between the two.

And it is here that the industry has been seeing the most dramatic changes in methods of operation and products. Thus a company like Herbert Morris—which was in the mechanical handling business as early as 1927—broadened its activity when it became part of the Davy Corporation group in 1977. At this time Herbert Morris re-organised its divisions and formed, among others, an amalgamated heavy crane and conveyor division and a project division. The latter enabled it to act as a main contractor for an integrated plant. It could also collaborate with Davy's steel making business and its contracting activities. Herbert Morris is now acting as main contractor at the Okpo Bay, S. Korea industrial complex project.

This means that a conveyor-making company does not just see its product as an isolated sale but looks at it in context. This concept of looking at the conveyor as part of a package, in a turnkey project, was pioneered by Continental companies such as MAN and Krupp. Both put their conveyor activities into the context of selling a whole package for a large-scale project including engineering activity.

A number of UK contracting companies are also mechanical handlers—such as Babcock-Moxley, one of several materials handling companies in the Babcock and Wilcox group. handling.

Companies like GEC Mechanical Handling are not keen to be involved as main contractors where only a small part of the contract is materials handling.

But in the area of joint marketing overseas to which companies in the UK should pay more attention, according to a recent consultants' report into the industry.

It is here — in marketing their products — that most UK manufacturers admit that they are deficient in comparison with their foreign competitors. So a joint marketing venture, supported by the National Economic Development Council and the conveyor industry's association, has been largely welcomed by the industry. The venture — called Momex (Mechanical Movement of Materials Export Group — is to set up a "shop window" in Venuzuela.

The idea of Momex is that it will establish contact with enterprises in Venezuela where there is a potential demand for mechanical handling equipment and associated products. It will then channel enquiries back to its membership. At present mechanical handling companies involved in the co-operative venture include Adamson-Butterley, British Ropeway Engineering, Dunlop, Don Valley Engineering and Universal Conveyor.

Mr. Peter Jackson, secretary of the Mechanical Handling Engineers' association, said: "The operation will start in mid-May. There is vary little UK activity in Venezuela and it is at present a U.S. sphere of influence. We have a set target for turnover and the aim is that it should be part of our long-term export strategy."

If Momex is judged to be successful in stimulating orders in Venezuela similar projects may be established in other overseas markets. One participant in the scheme said: "There is nothing wrong with UK exports. It's simply that exporters are unprofessional in their approaches to foreign buyers. This organisation will give members the expertise they could not afford as individuals."

Lisa Wood

WORLD TRADE SHARES
(per cent)

	1975	1976	1977
West Germany	40.1	41.2	43.1
France	19	13.8	13.2
Italy	9	7.9	7.9
Bel-Lux	2.5	2.9	3.1
Netherlands	4	4.5	6.1
U.S.	9.9	10.3	8.8
Japan	7.9	10.8	9.2
Spain	.3	1.8	1.3
Sweden	5.2	5.1	6.9
UK	5.2	5.1	6.9
Total	100	100	100

Source: National Export Statistics

A new two way handling and conveying system installed by Sovex Marshall in the British Rail Hovercraft terminal building at Dover

THE CONVEYOR MARKET

	Total UK sales £m.	Exports sales, £m.	Imports sales, £m.	Home market, £m.
1972	82.3	8,1 (9.8%)	6.1 (7.6%)	80.3
1974	122.6	20.4 (16.3%)	12.8 (11.1%)	114.9
1977	244.0	45.4 (18.6%)	19.5 (8.9%)	218

(current prices)

MECHANICAL HANDLING IX

PROFILE: FENAMEC

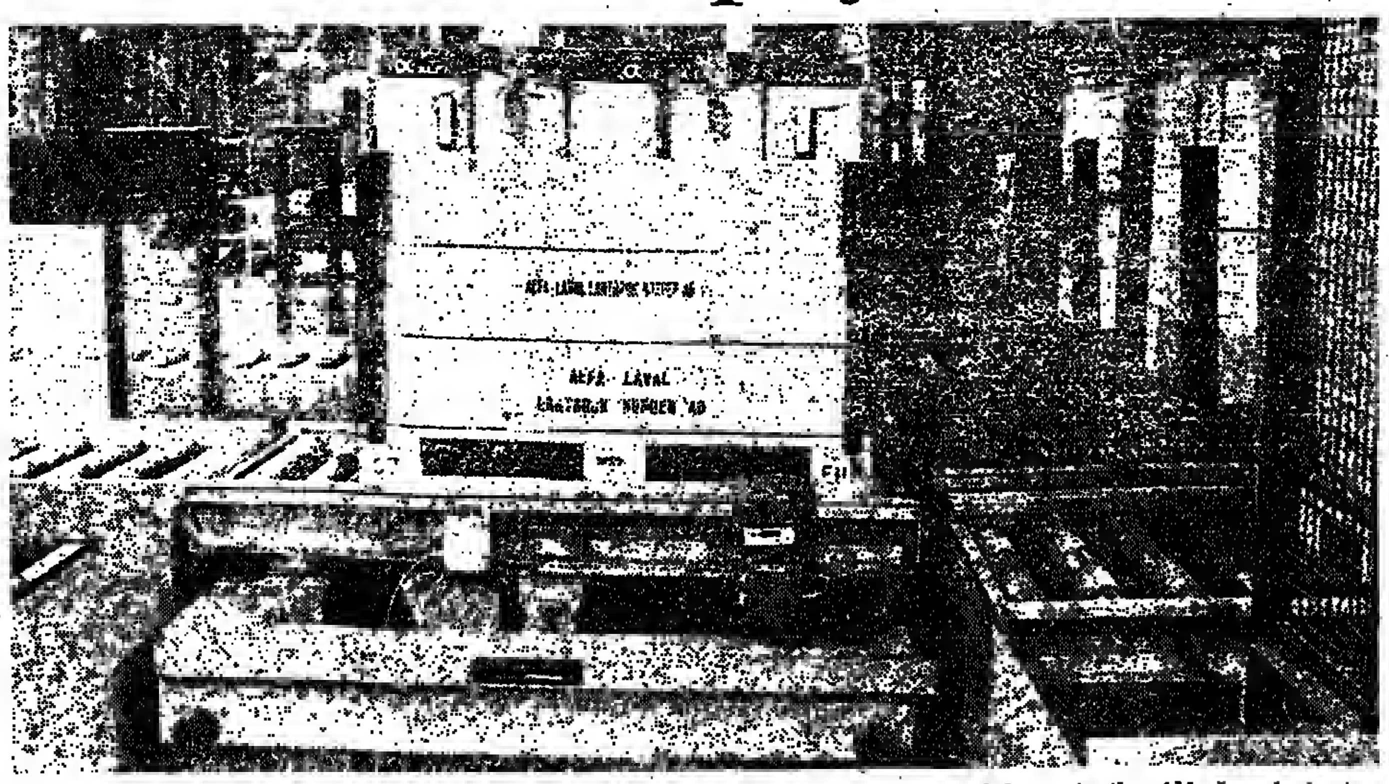
Diversification pays off

FENAMEC, the materials handling division of J. H. Fenner of Hull, has seen some achievement in expanding its product range over the last two to three years in order to penetrate new markets.

Created by J. H. Fenner only two years ago, the materials handling division is active in a wide range of industrial and warehousing applications and is a competitor to such giants as GEC Mechanical Handling in areas like airport baggage handling.

J. H. Fenner has long been active in the transmission side of engineering. In the last century it made leather belts for the coal-mining industry and was instrumental in the development of flame-resistant colliery conveyor belting. It still is a major supplier to the National Coal Board of this type of equipment.

This work allied J. H. Fenner closely with mechanical handling and as the company tried to solve its own material handling problems it started supplying conveyor equipment to other companies.



An electronically operated transfer car, transferring loads from any one of 19 lanes in the Alfa Laval plant, Tumba, Sweden. Originally developed by Transportteknik AB of Sweden, this heavy duty accumulation system is now manufactured under licence by Fenamec, the materials handling division of the Hull-based Fenner Group

It began to manufacture small package handling conveyors under licence from a U.S. company—Ronisan Inc—in 1959 and started with a single 10 ft-long conveyor. The growth rate of this sector of the company's activity was fairly rapid and it established a sound footing in the smaller end of the UK unit handling market.

More than two years ago J. H. Fenner allowed the licence with the U.S. company to lapse and formed its own materials handling division which it called Fenamec. This is a wholly owned subsidiary with manufacturing subsidiaries in Australia and South Africa.

It was then that the company started to expand its product range. It was already well-established at the smaller end of the unit handling market but it began to concentrate on the heavier end of palletised loads—up to 2,000 kg.

Mr. Ron Rogers, Fenamec's sales manager, said: "Our forecast is that—in unit handling—the market in the UK is moving towards the heavier end of palletised loads. We have not eased up in the production of the smaller units but we are expanding our production of the heavier ones."

This has led to the introduction of two new products—the "Rollax" system of high density pallet storage and System 2000, the heavy duty accumulating and pallet handling conveyor system. The latter is intended to enhance Fenamec's heavy duty and zero line pressure accumulating conveyors, developed two years ago. Fenamec sees the Swedish-designed System 2000 as providing access to the food, brewing, distilling and motor industries, all of which it has not so far penetrated in any depth.

Simple

The Rollax system is relatively simple. Instead of transporting pallets or containers on roller conveyors, the pallets, cages, containers or any similar unit load are put into simple frames fitted with four wheels. For unaccompanied transport these wheeled frames run along specially designed, very slightly inclined rails. For storage purposes the rails are placed in racks to form a high density storage block. For handling the frames can be transported on conveyor systems or by fork lift trucks or stacker cranes.

The Rollax system is Swiss and it and the System 2000 are the only two manufactured under licence at the plant in Hull. Mr. Michael Thomson, deputy managing director said: "Rather than develop a product like this ourselves we looked abroad and manufactured under licence."

With a simple system and the number of components reduced to a minimum Fenamac is pushing towards greater reduction of costs.

Mr. Thomson says: "The live storage concept has been around for a long time. But it is usually for high volume, small item storage and we hope our development is the way the market is going. But we are also trying to retain as much flexibility as possible. A rigid product range does not work well in this industry. We want to relate to as many functions as possible. In a few years we have recognised the need to make a product that really suits the application."

For the smaller unit load Fenamac would produce belts, rollers and wheels, while for the larger load it would use the Rollax system of pallet conveying.

Economy—and careful attention to health and safety—are also integral to Fenamec's developments.

But it is to the area of high technology that it is looking now. It has completed three microprocessor installations for Sovereign Distribution Services and has its own In-House Controls Division. In the 1960s Fenamec did not produce its own controls systems but then decided the controls were such a key element in selling that it was worthwhile building the panels.

It designed and developed its own logic control system for the Gatwick Airport baggage handling system and would probably have used microtechnology there if the latter had been sufficiently advanced at the early planning stage of the development.

The company—which was profitable last year despite lean times—only uses sub-contractors for on-site wiring. This is a facility the company would not have the volume of work to support.

Fenamec does not scoff at small orders: it also believes that it is better able to compete abroad as a member of a consortium. In postal mechanisation it is a member of a consortium which also includes Midland Dynamo, George Robson (Conveyors), Davies Prichard and Richmond. It recently won a sizeable order in Kowloon in association with Jardine Engineering Corporation of Hong Kong.

Despite the low level of capital investment throughout the world and the holding back of certain major projects in 1978, Fenamec says that the trend towards smaller companies introducing handling systems in order to control increasing labour costs and improve efficiency has provided a large volume of work and that its target for this type of work has been exceeded.

Its annual report said: "The Fenamec management team is confident that, after the heavy development and diversification programme of the past two years, the division is now in a much stronger position to expand activities in most areas of unit handling."

Lisa Wood

PROFILE: GEC

Weathering the storm

THE PRESENT activity of GEC Mechanical Handling is the product of a series of mergers and take-overs in the 1960s involving a number of companies. In 1969 the merger between GEC and English Electric brought together five major companies in the electrical engineering industry — each with its own mechanical handling or mechanical engineering capability. Subsequent rationalisation of the capabilities created GEC-Elliott Mechanical Handling, later renamed GEC Mechanical Handling.

It happened that the respective capabilities within the individual companies complemented each other and the rationalisation into two sites — at Melksham and Erith — brought together the Fraser and Chalmers capability (in mining) with the Spencer of Melksham, Wiltshire, capability in bulk handling, while the Elliott Automation mation (in Kent), which handled units of all kinds, was brought together with the mechanical automation operations of Elliotts at Greenwich, which produced equipment akin to mechanical computers.

This produced the only company in the UK able to cover the whole range of postal mechanisation — both for parcels and letters.

The English Electric capability at Netherton had an extensive hydraulic research works and it designed and manufactured special purpose pumps and power packs which because they operated on non-flammable fluids were suitable for underground use. This complemented the mining activity long associated with Fraser and Chalmers.

Although the various activities complemented each other they did in the main either specialise in a different technology or market, and so that these differences could be properly exploited they were formed into separate trading divisions within the company.

The Mechanical Process Division, based at Erith, Kent, designs and produces equipment for mines and quarries including crushers, drills, feeders and vibrating screens. Against stiff U.S. competition this division supplied about £3m of spiral concentrators for the Quebec-Cartier subsidiary of U.S. Steel for the beneficiation of iron ore in Canada.

The Plant Division, at Erith and Melksham, specialises in complete plants for the handling or processing of bulk materials and is able to operate as main contractors, offering a complete engineering service to the basic industries of steel, coal, mineral processing, sugar, grain, feedstuffs and petrochemicals. This division produced the bulk grain unloading installations at Tilbury and Seaforth which handle 90 per cent of all grain imports into the UK.

At the other end of the spectrum the division is handling a complete turnkey project for a preparation plant being built on a greenfield site for the National Coal Board at Rawdon Colliery.

GEC can provide a complete turnkey project in instances such as the £3.5m Rawdon colliery contract where the major part of the contract is materials handling. It is understandable that it would be reluctant to offer a package deal such as that for a steelworks where a major part of the contract is not materials handling.

GEC said, with reference to exports and turnkey projects: "There are a number of companies in the conveyor industry with export individual items of equipment or small sub-systems. However, a large part of the export market, especially in the Third World, can only be satisfied by a turnkey project capability.

"GEC, as one of the larger companies, has built up a substantial export market on the basis of its capability to carry out certain of these projects, but we would prefer to concentrate our effort on projects which contain a reasonable proportion of our technology and for the remainder keep in close liaison with other major plant suppliers, consulting and civil engineers, for whom we would act as a major sub-contractor for the materials handling content."

Last year GEC Mechanical Handling's exports accounted for 41 per cent of its sales.

The Unit Handling Division at Melksham designs and manufactures unit handling equipment for general industrial use, motor industry, Post Office and airport usage. Despite very strong competition from abroad it has supplied systems in Saudi Arabia, Jamaica and New Zealand.

The Mechanical Automation Division is a major supplier of letter handling equipment to the Post Office and for nearly 20 years, during which time machines manufactured by the company have been installed in about 40 mechanised sorting offices in the UK.

Equipment manufactured for letter sorting includes segregating and facing machines, presorting and letter sorting machines, non-coded letter sorting systems and flat packet sorting machines.

GEC Mechanical Handling has made great advances in the export of parcel sorting machines, whereas it has had little success in selling overseas letter sorting equipment because this specialised Post Office sorting equipment is obviously, after a very long relationship, well suited to the UK letter systems but less acceptable overseas for different systems.

Unlike some other UK conveyor companies which have a smaller spectrum of activity, GEC Mechanical Handling—with an anticipated turnover of between £21m and £22m in 1979 compared with £17.7m in 1978—has been able to weather the vagaries of downturns in particular markets.

GEC recognises the Third World as an important market but the company has said: "Ultimately one must recognise that if the normal trend is followed then these markets will become more difficult as their own manufacturing capabilities mature and industries like the conveyor industry will be among the early sufferers.

"To combat this one can extend the policy of investing in these countries by collaboration with a suitable manufacturing partner or by a licensing arrangement, both of which enable the export of the higher technology equipment.

"Additionally there is no doubt that an attractive export market exists where the customer is attracted to a UK credit arrangements where the UK supply is mandatory."

L.W.

MECHANICAL HANDLING X

LIFTS

A slow haul back

BETWEEN World War Two and the early 1970s the lift industry enjoyed a sellers' market. In the UK, for example, there was rapid expansion of public sector building and the construction of high-rise tower blocks.

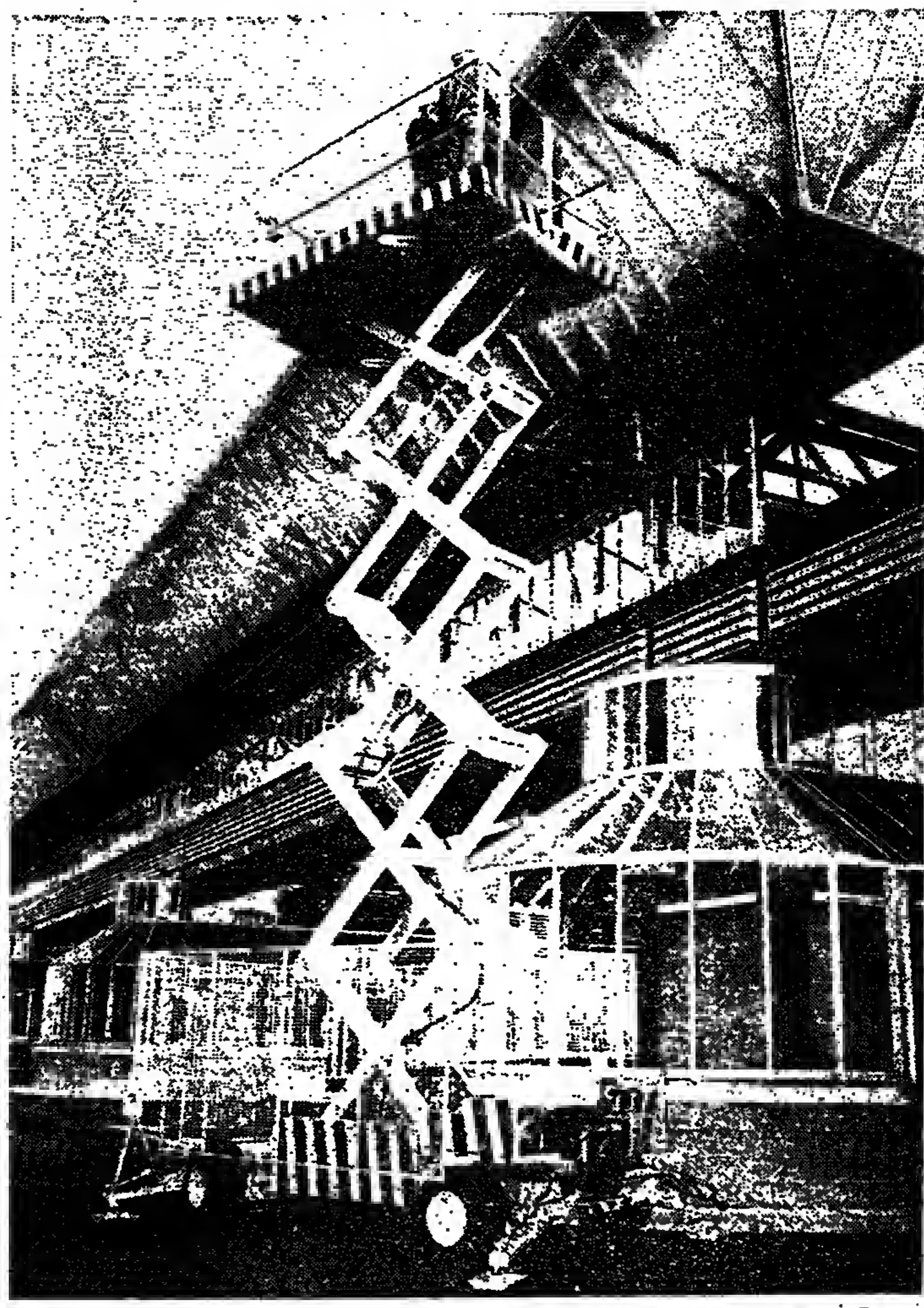
But the mid-1970s saw both a world-wide recession in the market, and in the UK a strong swing of opinion from tower block to lower-rise development. Manufacturers in France, for example, where there is a higher density of lifts per population, were not as badly hit by the recession in the market as manufacturers in Britain, where the ratio is much lower.

The swift decline in the market over a relatively short period is illustrated by the fact that in the UK in the early 1970s about 7,000 new lifts and escalators were being produced a year. New sales have now dropped to about 3,800 a year. The market is static, particularly in the domestic sector, with some growth in exports and a greater concentration on the manufacture of medium and short-rise lifts. The latter has opened the industry up to a wider range of competitors. In the UK alone there are between 30 to 40 lift manufacturers.

But the market is dominated by about 30 main competitors, mainly multinationals, and the numerous small companies are primarily concerned with local maintenance.

In terms of volume the UK *market is fairly small*. About 40-50 per cent of sales goes to the public sector. Six companies provide about 99 per cent of the UK industry's exports and the four main multinational lift companies produce about 50 per cent of total UK output and about 70 per cent of exports. They tend to import more of their components and sub-assemblies than the indigenous British manufacturers.

Otis, owned by the giant American multinational, is the largest UK manufacturer, followed by GEC-owned Express Lifts and then Marryat and Scott. These three companies take over 50 per cent of the market, amounting in total to more than £70m in new sales, of which about £16m are exports. Express and Marryat and Scott are the chief exporters while a large percentage of Otis exports are to Otis companies abroad. Exporting in the industry is difficult. Lifts are bulky and require a sound service network — overseas countries demand a host of different technical specifications.



An EPL scissor lift with a maximum working height of 31 ft and cage capacity of 1,000 lbs

Overseas

In 1978 it was suggested in the National Economic Development Council's mechanical handling sector working party report that if the industry was to meet its target of doubling exports by 1980 those companies not already exporting should establish a co-operative overseas maintenance company in selected markets. This has not yet been taken up.

The report said as well that volume production of standard products would also improve international competitiveness. UK manufacturers tend to design and manufacture lifts for individual purposes while European production tends more towards cheaper, mass-produced lifts.

But, said the report: "Standardisation also brings with it a certain degree of risk, as import penetration of escalators appears to have increased as a result of the introduction of a more standard product in the home market. Another factor affecting manufacturers' ability to standardise is the tendency for public sector customers to produce their own technical specifications which inevitably result in higher manufacturing costs."

But the industry does believe that with the introduction of the new British Standard Specification—the British version of an identical specification prepared by CEN (the European Committee for Standardisation)—new markets such as West Germany will be opened to them. Previously West Germany, for example, was largely closed to UK manufacturers because of technical specifications.

But over 40 per cent of the industry's output is in lift modernisation and maintenance. This activity is vital to the industry's survival during a time of depressed home consumption.

But at the moment this part of the manufacturers' business is under attack. Wage controls and the availability of spares made by companies other than the manufacturers have led to a significant increase in the number of maintenance men leaving employment with the manufacturers and setting up on their own.

In addition, a number of local authority direct works departments have started to do their own lift maintenance. Mr. David Fazakerley, director of the National Association of Lift Makers, said: "We are very worried about local authority direct works departments carrying out maintenance without any real consideration of costs.

"There has also been a significant rise in the number of cowboys operating in the business over the last four to five years. Without the heavy overheads of the manufacturers they can do one-off maintenance jobs more cheaply than we can. But they do not have the financial and technical facilities to give the customer the protection he needs."

The worry for manufacturers is that if their grip on the maintenance market is seriously eroded there will be a general decrease in the level of maintenance and that the prices of lifts will have to rise.

Separate

The manufacture of lifting and winding devices is a completely separate area of manufacture and design. The industry's manufactures include hoists, winches, capstans, lifting jacks and a variety of loaders and lifting machines. There are about 50 main manufacturers in the UK. Total UK output is between £70m and £80m.

Lifting and winding products tend to be simpler and of lower unit value than, for example, passenger lifts. They are also widely used and tend to be sold from stock. For these reasons international trade is very active and consequently both the UK export ratio and import penetration are higher than for other parts of the mechanical handling industry.

Imports increased from £21m in 1965 to £28.8m in 1977. Virtually every UK manufacturer of lifting and winding equipment imports part of his product range. One reason for this is that the major foreign manufacturers have the advantage of volume production methods for serially produced products—such as lorry loaders and electric hoist blocks—while the British manufacturers still produce by the more costly batch methods.

A large percentage of imports come from the EEC and are made up of components and sub-assemblies. A recent NEDO report on the industry said: "This trend in the U.K., away from in-house production and towards buying in components and sub-assemblies, is having serious consequences on our import levels, balance of trade and on employment."

But the U.K. is not the only European country to have high import penetration—France and Germany have much higher levels.

Unfortunately, because the industry is operating within very tight profit margins, the level of essential investment is low. But manufacturers are optimistic of reaching the 1980 objectives of reaching sales of £95m, cutting import penetration, increasing output and exports. The volume growth being sought by the industry is about 45 per cent between 1975 and 1980.

L.W.

PROFILE: OTIS

Looking to new technology

THE SERVICE and modernisation of lifts is becoming increasingly important for the healthy survival of even the giant manufacturers of lifts and escalators such as Otis Elevators.

Mr. Norman Cunningham, managing director and chief executive of the UK company—a subsidiary of Otis Elevator of the US, which was merged into United Technologies Corporation in 1976, said: "This area of our work is becoming increasingly important with the decrease in the market for new lifts."

Otis is reluctant to disclose by how much its sales of new lifts have declined in the last few years but says that its percentage fall in sales of new lifts roughly parallels the general situation in the UK, although its around 30 per cent market share of new sales in the domestic market is increasing.

In the early 1970s about 7,000 new lifts and escalators a year were being produced in the UK. New sales have now dropped to about 3,800 a year.

The trend today in new lift production is increasingly away from high rise lifts and towards lifts for medium to low rise blocks. So Otis, faced with increasing competition from smaller companies which are able to compete in this market, is placing increasing emphasis on being an "all purpose manufacturer" with a complete capability ranging from a dumb waiter in a restaurant to a luxury lift in a Park Lane hotel."

But, increasingly a greater proportion of Otis's turnover is coming from modernisation and service of old lifts. In 1976 turnover was about £30m, in 1977 it was £42.9m and by 1978 it was £46.8m.

Refurbishment

This emphasis on refurbishment work and low rise construction, in an ever more cost conscious market, has meant that Otis, and the industry generally are turning increasingly towards "suspended hydraulic drive." In this system the car is rope suspended with a 2:1 roping arrangement, with all the hydraulic jack equipment required contained inside the lift shaft. With this arrangement, all loads are carried by the pit structure and head-rooms are kept to a minimum.

Mr. Cunningham said: "At present we do not have one enquiry for a tower block apartment elevator. But we have lots of enquiries about the refurbishment of old lifts in local authority property."

But there is a little growth in export markets, predominantly Nigeria, Mediterranean countries and the West Indies. Otis, with its manufacturing base in the UK at Liverpool, exports about 60 per cent of its production, but of this more than 50 per cent is exported on an inter-company basis. In 1978 exports from the UK were £10.8m, compared with £9.2m in 1977.

In the face of fairly stagnant markets, with no prospect of much real growth in the next five years, Otis has moved towards higher technology. More than £350,000 was spent on orientating C-Mos technology into lift controls. Otis now put complementary metal oxide semi-conductors to work in the control cabinets of their lifts. They are the only UK manufacturer to use this latest development in solid state electronic lift control.

The main technical advantages resulting from the new Otis Control Systems are claimed by the company to be easier maintenance and greater reliability. Otis C-Mos components are 100 per cent pre-aged and 100 per cent functionally tested to aerospace standards.

This new technology takes Otis a long way from its roots. Otis Elevator in the UK is the successor of a general engineering business founded in 1833 by Richard Waygood. This was transferred in 1840 from Dorset to London and became the Newington Ironworks.

When Richard Waygood retired in 1874 his three closest associates formed a partnership. Under their management the company became the country's leading lift manufacturer. It manufactured the first British passenger lift in 1870, exhibited the first electric lift in 1890 and in 1900 was incorporated as a public company under the new name, Richard Waygood and Company.

In 1902 an attempted association with Otis-U.S.A. proved abortive, but in 1914 Otis-U.S.A. acquired a substantial interest in the company which became Waygood-Otis. In 1923, through the purchase of additional stock, Otis-U.S.A. gained controlling interest; 1957 saw the company name changed to Otis Elevator.

In 1968 Otis Elevator acquired the lift and escalator interests of J. and E. Hall, thus increasing its service contracts by 3,000 units and resulting in a steady growth of its modernisation business.

L.W.

PROFILE: SCHINDLER

Business holds up well

AT A time of sluggish demand and very considerable overcapacity in the lift industry, the Swiss-based Schindler concern is keeping up its volume of business remarkably well. Last year this internationally active group—second biggest in the world market after Otis—managed to book a slight increase in new orders for lifts and escalators despite the substantial appreciation of the Swiss franc as reporting currency.

Already the family-owned parent company Schindler Holding AG in Hergiswil has announced its intention to pay an unchanged dividend for 1978, albeit on a rather lower net profit of SwFr 11.7m (SwFr 12.9m) for the year. Group profits are expected to show no significant change over the 1977 figure of SwFr 22m.

Nevertheless, the market is exerting real pressure on Schindler's group management operation, based at the Ebikon factory near Lucerne. Of total new orders in excess of SwFr 1.11bn ($650m), those for lifts and escalators amounted in 1978 to a lion's share of SwFr 1.12bn ($650m), those for means virtual reliance on a sector where demand is on the decline worldwide; production capacities are today up to double the market for lifts and as much as three times the demand volume for escalators. For an undertaking with annual sales of something like 12,000 units, the problem is considerable.

Decline

Up to now, however, there has been nothing like a corresponding effect on turnover. Sales of new lifts and escalators, including maintenance contracts, did decline in 1978 by 4.5 per cent to SwFr 915m ($531m) within overall turnover lower by 2.5 per cent at SwFr 1.11bn ($645m), but this was the result of exchange-rate developments. Had the Swiss franc remained at 1977 levels sales value would actually have increased by 6.4 per cent. Even if this improvement in real terms was thanks largely to diversification products, the lifts sector was obviously holding its own.

The question remains as to how Schindler is to handle a stagnant market, pressure on prices and the high Swiss franc rate. One solution is to upgrade the production programme, particularly of the Ebikon headquarters plant. Formerly, export had been more or less synonymous with Ebikon.

Last September it was announced that it had become unavoidable that some orders had been passed on more than hitherto to non-Swiss plants within the group in countries with more favourable currency conditions. This does not mean that Ebikon capacities are to be transferred elsewhere: with a European lift market running at about half its former volume, the Swiss plant still has plenty of spare capacity.

But the main works will concentrate more and more on specialised products, such as those incorporating advanced electronic knowhow, with high added value. Simpler models and equipment will be supplied to a greater extent by outside facilities — although Schindler stresses it is not planning to introduce a cheap-import policy within the group.

The past few years have seen a marked expansion of Schindler's international network, in part as a result of acquisitions. The group has 56 subsidiaries and affiliates in 24 countries, as well as 71 representative outlets. Early this year Schindler Holding spent $45m on buying the Haughton Elevator Division of the Reliance Electric Company in Cleveland, Ohio. Based in Toledo, Ohio, Haughton is the fifth biggest lift manufacturer in the U.S. Its 1978 turnover was $72m and it has 90 branches employing 1,500 workers throughout the country.

In 1977 a surprising 28 per cent of group sales was still accounted for by the Swiss market—including non-lift turnover —and 54 per cent by other European countries. There seem to have been few casualties within the group, but difficulties on the part of the French company Roux Combaluzier Schindler (RCS) last year led to 200 redundancies.

It remains to be seen whether international housing construction activity will remain as sluggish as at present; since more than 80 per cent of lifts go to dwellings, this is the principal market factor. There could also be new openings, such as multi-storey supermarkets, new in-hospital transportation systems or increased use of sloping walkways. Schindler is continuing to develop advanced person-transport installations and has been spending some SwFr 12m a year on "technical and aesthetic developments."

Technical R and D is centred on electronics—Schindler having been the first lift manufacturer to introduce fully transistorised controls throughout its programme—with the stress on speed and optimium lift-group control. A specialist development has been the "Prontomatic" control system for batteries of hospital lifts. What Schindler calls its aesthetic advance has been in the promotion of the "flex design" programme for individually designed lift interiors.

As far as the diversification operations of the group are concerned, these appear at first glance to have lost impetus last year.

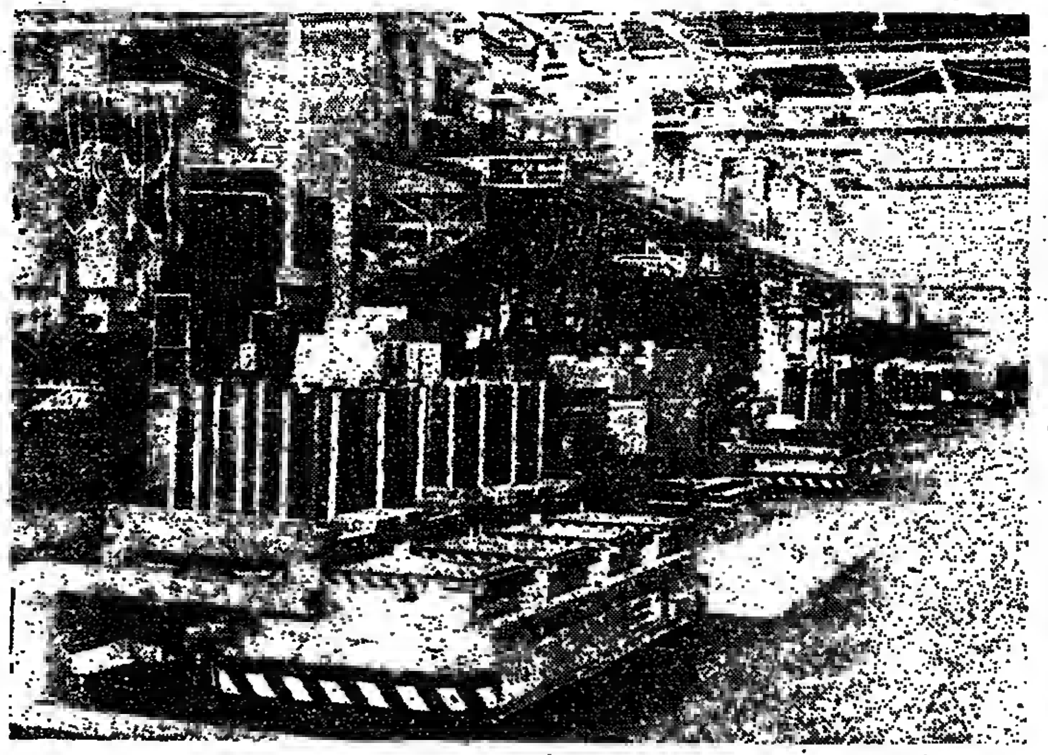
While 1978 sales of "other products" rose by 8.3 per cent to SwFr 195m, the value of new orders for the year dropped by 17.5 per cent to SwFr 160m. This was, however the result partly to a rather slack year for the group's Swiss-based rolling-stock facilities, based on the subsidiaries Schlieren Wagons- und Aufzügefabrik AG in Schlieren and Schindler Waggon AG in Prattein, and a decline in mechanical handling business.

The latter is managed by a division consisting of the Schlieren plant—which makes lifts and in-plant equipment as well as rolling stock and whose Swiss lift marketing operations were recently merged with those of Ebikon—plus the German subsidiary Schindler Aufzügefabrik GmbH in Berlin and the Swiss company Digitron AG of Bienne. Minor diversification activities include an electric motor unit in Ebikon, crane production at the Prattein plant of Mars-Uto Kranfabrik AG and the manufacture of safes and steel furniture by the Austrian group member Wertheim-Werke AG, Vienna.

Coincidences

Although new order targets were not reached in 1978 by the mechanical handling division, this was the result partially of coincidences in the reception of large single orders. In fact the Digitron company—which Schindler acquired some years ago—has an important part to play in the future of the group.

Digitron, which itself has foreign dependencies in Germany and Sweden, is a relatively small company, but one with a high level of technological knowhow in the electronics field. It made the headlines in 1973, when Volvo was still a minority shareholder, with the installation at the Kalmar car plant of a pilot-unit assembly system intended to replace the conveyor-belt method. Remote-control moving platforms carry the units through a series of "automodules," where assembly workers operated with greater freedom of movement and with a "noticeable improvement" in product quality.



A Schindler Robocarrier delivering MRCA Tornado aircraft components to machining centres at the Messerschmitt-Boelkow-Blohm Augsburg factory

This system of 250 so-called Robo Carriers, linked to processing computers, had a considerable impact on the car industry, particularly since it was accepted by the workers. Volvo —whose stake in Digitron was bought subsequently, together with all other shares, by Schindler—intended to instal the system in its Virginia, U.S., assembly plant, but this project has been postponed.

A number of other plants, however, have followed the Kalmar example, which has been improved and adapted for a number of other uses. Apart from such car manufacturers as Fiat, Citroen, Renault, Saab and Peugeot, a wide range of other factories and storage plants have been looking at the Robo Carrier and the materials handling variant known as the Robotrailer.

A particularly impressive installation is the integrated Robogate plant used for robot welding of car bodies at Fiat's works for its Ritmo models at Rivalta and Cassino. Future projects include car engine transportation systems at Fiat and Citroen plants. Among uses outside the automotive sector are for such jobs as a "taxi" service for the automatic blending of lubricants at Shell's Haven plant in the UK. The opportunities of robot transporters seem limitless.

While original developments in the field were undertaken by Digitron before the take-over, its operations fit in usefully with those of the existing Schlieren and Berlin plants. Schindler has, apart from the robots, a broad range of conventional belt, roller, chain and rail conveyors and vertical transport equipment. There is now a natural exchange of knowhow between the operative units in the mechanical handling division.

John Wicks

PROFILE: KONE

A Finnish multinational

THE FINNISH word for machine is kone. In Finland, however, the word has also become practically a synonym for lift and crane, so ubiquitous are these products of Kone Corporation in its home country.

Having conquered the home market, there was nowhere else for a growth-minded company such as Kone to expand but abroad. It went the whole hog and became a multinational corporation, which is a rarity for a Finnish company.

Kone Corporation now has major productive subsidiaries in ten countries, joint ventures in four more, and corporate sales offices in five capitals. Only 18.3 per cent of its total sales went to the Finnish market last year, versus almost 30 per cent in 1976.

In 1978 there were around 9,500 people on the Kone payroll. Less than a half of them were employed in Finland. Consolidated net sales totalled FM 1.44bn (about £180m), with sales outside Finland accounting for FM 1.18bn. Sales in the home country totalled FM 264m, while exports from Finland were nearly double this figure. In fact, with the notable exception of North America, Kone's plants and offices girdle the globe, from the Philippines to Mexico, Moscow to Sao Paulo.

The enterprise is organised operationally into two major groups and a smaller division. In terms of turnover, the Kone Lift Group (KLG) is the biggest followed by the Kone Materials Handling Engineering Group (KMG). Products from Kone Instrument Division include computer systems for laboratories and patient monitoring systems.

KONE CORPORATION		
1978 results	Finnmarks	% change on 1977
Consolidated net sales	1.44 bn	+10.9
Sales outside Finland	1.18 bn	+17.3
Sales in Finland	264 m	−10.8
Exports from Finland	431 m	+14.6
Orders booked at December 31	985 m	−11.0
Regional distribution of sales, 1978		

Kone's international strategy has been to buy up companies in the branch, turn them round if they are loss-makers, and establish a strategically-located network of production, sales, servicing and maintenance points. The deal with Westinghouse Corporation, in which Kone acquired (through a stock swap—it has since repurchased the shares—with the American company two plants in France and one in Belgium) was an example of the strategy at work. These three plants helped to complete Kone's network in Europe, at least for lift business.

Successful

The KLG is also responsible for the company's successful computer-controlled, first-in-first-out warehousing systems.

The Kone Lift Group has seen the volume of its new business decline in Europe and has offset this, to some extent by increasing its exports to the Middle and Far East and to Africa.

The Kone lift factory in Brazil reached volume production at the end of fiscal 1978. Whether the demand for lifts will begin to grow again as living standards rise is a matter of some controversy, verging on the philosophical. For instance, does a higher living standard mean more low-rise buildings which do not require lifts, or more high-rise buildings which will enable workers to live nearer their jobs, spend more time with their families and less in commuting?

Whatever the future brings in this respect, the fact remains that Kone's plant and maintenance network serviced and repaired more than 100,000 lifts in the past year, bringing in more than a half of the FM 912m earned by the group. The KLG has left its trade mark in such diverse places as the Congress Palace in Moscow, the Corinthian Plaza in Manila and both Oxford and Cambridge Universities.

Mr. Gerhard Wendt, a vice-president of Kone Corporation and chief executive of the Kone Materials Handling Engineering Group, admits that the recent world depression has hurt crane suppliers, but is optimistic about the near future, at least for some products.

The crane division of the KMG claims to be unique in that it offers the full product range from small hoists right up to giant shipyard gantries. The only items the KMG does not make are mobile and construction cranes.

"Hoists and small cranes are going better today than ever before in Kone," says Mr. Wendt. "Exports go to 40 countries, and we haven't begun to tackle the bigger markets."

Heavy cranes are needed only for capacity investments in the shipbuilding, steel, pulp and paper and the power industries. Thus, the depression has hurt, but there is also a special problem involved here, says Mr. Wendt.

Many countries are nationalising these industries, and there is a tendency to place orders in the home market regardless of cost.

"We are going to have problems in the shops. Orders are coming in too late. During the depression, the customer has been used to receiving orders at a very low price," he adds.

"But today, a supplier who books an order (and a big crane's delivery time is 12-24 months) can be heading for disaster if he can't foresee how much raw material costs will rise. We, the suppliers, gained at the tail-end of the last boom —now we have the whiplash."

In the crane business, energy is relatively unimportant as a direct factor in the costing, but important as an indirect factor, for instance, in steel production which is the major component.

Mr. Wendt also referred to the recent Harrisburg nuclear plant incident: "The public and political attitude to nuclear energy was just beginning to calm down when Harrisburg happened. Now there may be a long wait-and-see period in these investments."

The Middle East is not a "promised land" for cranes, although Kone did recently deliver a huge ore unloader to a Japanese factory in Qatar. It was loaded on a pontoon and towed the whole 7,000 sea miles to Qatar. This was just another logistics problem for the Kone engineers who have long been floating similar behemoths ready assembled from the crane factory in Hanko on the south coast of Finland.

That sort of delivery runs up a big transportation bill, which is a reason why KMG specialises also in subcontract work. For example, it supplies the relatively compact machinery units and other components for large dockyard cranes, leaving the local constructor to erect the frame on the spot.

The developing countries have not produced the volume demand for cranes that was once expected of them. They are promising markets, however, for conveyor equipment, ore crushers, coal handling systems and units for fertiliser factories. The problem here is fitting the conveyor into the whole process lay-out.

Traditionally, Kone has always been in wood handling. Now it has moved into coal and ore handling as well. But in just the past three months the demand in Western Europe for wood handling machinery has been surprisingly strong.

Lance Keyworth

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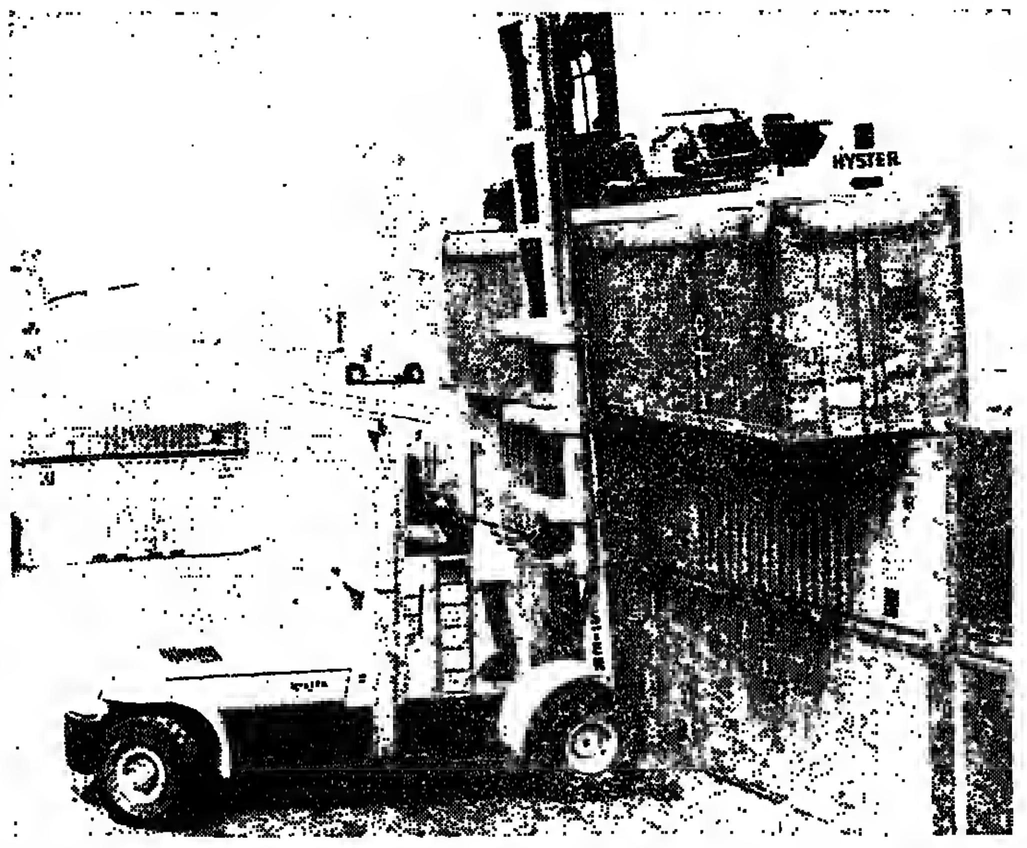
THE MIDDLE EAST MARKET

Tough competition



One of 800 Hyster trucks currently working in Libyan ports. Hyster's most recent contract involved 343 trucks, total value £4.6m

ALTHOUGH MOST British exporters of mechanical handling equipment are now taking a more cautious view of the once booming Middle East market, the size of some recent contracts indicates that demand is still strong.

But the nature of that demand is changing. In the past, as the oil-rich nations concentrated on rapid development of infrastructure, construction equipment was the priority, and the flood of orders led to considerable problems.

Equipment was often unsuited for the job, with little provision made for operator training, maintenance or replacement. Sometimes foreign contractors provided their own equipment which could not be provided with spares.

Now demand has slowed down considerably, but there is far more awareness that longer term contracts with suppliers are likely to overcome some of these problems.

Although market conditions in Middle East countries vary enormously, in many a surplus of large fork lift vehicles has arisen as major construction projects near completion; some of these are being offered in other parts of the world. Many local dealers are faced with large stocks of unsold equipment.

As industrial development progresses, however, there is an increasing demand for vehicles to be used in more conventional environments such as factories, warehouses and cold stores. A good example of the changing market is provided by the recent Saudi Arabian agreements with LancerBoss Hyster, which won major contracts to supply lift trucks for western and eastern port areas respectively.

LancerBoss, the Leighton Buzzard-based company, says that the deal to supply trucks for the next five years could be worth as much as £50m in addition to the "several million" pounds worth of business it already does with Saudi Arabia annually.

The agreement means that the port authorities in Jeddah, Yenbo and Jizan, and related contractors, will specify LancerBoss as the sole supplier of lift trucks for the five-year period. The first 110 large general purpose trucks valued at £4m have already been delivered to the west coast ports. The contract provides for discounts to become operative when the number of trucks shipped out to Saudi Arabia goes above the value of £10m annually.

The company has been active in Saudi Arabia for around 10 years and now claims to have the biggest share of a market which it believes will grow steadily. It welcomes the more orderly Saudi buying policy, despite fairly onerous terms relating to delivery delays. The aim of the new policy, it points out, is to prevent the purchase of a large variety of different machines, dealer problems and the correspondingly high percentage of down time.

Hyster, an American-owned company, was present in Saudi Arabia some time before the oil boom, and thus started with a considerable advantage. It cautiously values its contract for the Gulf ports "in tens of millions."

It is clearly comparable to the LancerBoss deal, however, and the Saudi Ports Authority will specify Hyster equipment for the region for the next five years. A total of 60 units have been shipped since the signing in December.

The company has also exported up to 500 units over a period of years to Aramco for oil industry use, often in special versions to meet fire safety regulations.

The new and more sedate ordering policy by Saudi Arabia has been accompanied by other procedural changes which have been welcomed by suppliers. Both Hyster and LancerBoss have made commitments on operator and service engineer training, and new regulations relating to dealers will soon be introduced.

In the past dealers have complained that they have had to provide service back-up for equipment which they have not handled, nor earned commission on. The new regulations will therefore require all orders to go through local dealerships, providing better control and higher earnings for them.

The award of these two contracts is seen as a considerable coup for Britain, since several North American, Japanese and West German companies were bidding competitively. One sales executive said he believed there was great goodwill in the area for Britain, if the right product could be provided.

Hyster has also concluded a deal recently with the Libyan Ports and Light Authority to supply a mixed range of machines valued at £4.5m. These will be used in Tripoli and other ports and will be made in factories in Scotland and Holland.

In many Middle Eastern countries such as Saudi Arabia there is increasing insistence on good quality trucks with high standards of driver safety and comfort, including reduced noise levels. Buyers are prepared to pay high prices for these, but with increasingly strict terms laid down for suppliers.

Lansing Bagnall, another major exporter to the region, has experienced falling demand in most markets, but continues to sell around 1,000 units a year, slightly less than formerly. It expresses fears that U.S. companies may be able to take advantage of aid agreements with Israel and Egypt in the wake of the peace treaty.

The company believes that there may be an increasing requirement for electric-power vehicles as more re-charging facilities and greater technical capability becomes available in buyer countries. But this is foreseen only in the more specialised areas of use.

Coles Cranes, a company with long-established links with the Middle East, has also experienced a considerable change in the type of equipment required. Some years ago it supplied large numbers of standard diesel electric cranes for dock use, but since the oil boom the all-purpose telescopic hydraulic crane has been widely used.

Mounted either on trucks or rough terrain carriers, these have been used extensively in port and other construction projects, and Coles has a strong presence in this market; the Middle East accounts for perhaps 20 per cent of its total exports.

Competition has become very tough, however, coming mainly from American and Japanese companies. The U.S. companies have the advantage, it points out, of being closer to the major American contractors such as Bechtel, Fluor and Brown and Roots.

Nevertheless, Coles' exports to the Middle East have doubled in value terms over the past four years and it is holding its market share. The wide range of uses for telescopic cranes has meant that they can be used through a complete construction cycle of a building or project, and are often retained thereafter for maintenance purposes.

It is therefore clear that as industrial development in the Middle East progresses, and the buyer companies become more experienced in the procurement and use of mechanical handling equipment, exporters will need to be fully aware of changing market conditions in an area which nevertheless offers great opportunities.

Lorne Barling

LEASING

Remorseless growth

LEASING SHOULD not be seen just as a means of acquiring the use of an asset without actually owning it. Leasing is also a highly effective form of medium term finance, a characteristic which helps explain its remarkable tenfold growth over the last decade.

The latest figures from the Equipment Leasing Association show that new business during 1978 amounted to £1.2bn, a rise of about 80 per cent on the £675m of new assets acquired by ELA members in 1977. There seems no reason why the advance should not continue, although probably not at that blistering pace.

The leasing of mechanical handling equipment (predominantly cranes and fork lift trucks) is fairly widespread, but it forms just a small part of the total leasing industry. Moreover, although the facts are difficult to establish, it is possible that where mechanical handling equipment is concerned contract hire is actually a more popular arrangement.

Without a sufficiently detailed breakdown of industry figures it is impossible to work out accurately the respective contributions of leasing and contract hire to the financing of new cranes and fork life trucks. One major fork lift truck distributor estimates, however, that 80 per cent of new fork lift trucks are bought and the rest are either leased or hired. Of the remaining 20 per cent, he believes by far the larger part consists of contract hire with that proportion growing, almost certainly at the expense of outright purchasing.

Potential customers of course, should always decide how they are going to finance the purchase of an asset on the basis of which rates are cheapest. This will generally depend on a company's individual tax position.

Contract hire, however, in some cases can be a better way of financing equipment vital to a company's whole production schedule. Because banks and finance houses (and companies which earn large taxable profits) generally dominate the leasing market, customers with leased assets often have to provide their own maintenance service and therefore face the worry of serious breakdowns.

Here the difference between leasing and hiring can be important. The most fundamental distinction is that the lessee (the customer) actually chooses the asset himself (probably from a catalogue). In hiring, on the other hand, the equipment is selected by the hiring out company before the customer appears. The hiring-out firm is in business to offer a specialist range of goods, and inevitably offers more expertise if something goes wrong.

Trouble

If, for instance, one of a fleet of leased company cars develops engine trouble on the motorway, this is unlikely to slow up the performance of the rest of the business. But if a leased crane or fork lift truck suddenly seizes up in the middle of an important production run, thousands of pounds could be lost until a replacement is found.

In such a situation the supplier of hired equipment will almost certainly be able to deliver a replacement or provide the maintenance service which has probably been allowed for in the contract.

Leasing companies are admittedly increasingly offering this kind of back-up facilities, particularly in the field of car leasing. There are a number of fleet management businesses which specialise in maintenance and sorting out of the day-to-day problems of leased cars. The chances are, however, that unless a crane or forked lift truck is leased through one of the big mechanical handling equipment manufacturers a customer will have to provide the "after sales" service himself.

Hiring is a very simple and straightforward operation. Assets are let out on a daily, monthly or annual basis at a rate per hour, month, year or whatever.

Leasing is a much more complicated arrangement and the decision to enter into a leasing agreement should be dictated by individual circumstances.

Small companies in particular should not be carried away by leasing's seemingly remorseless growth and popularity and should always seek independent advice. For instance, large companies with strong reserves would no doubt not think twice about leasing, assuming the rates are competitive. Small businesses with a small asset base, on the other hand, might opt instead for enlarging this base.

Leasing has several advantages. It allows companies with scarce financial resources or borrowing capacity to get the use of a new piece of capital equipment. More important it allows companies which could afford to buy the asset outright but which are not expecting to pay corporation tax (either because of absence of profits or because other allowances have already offset the tax liability) to secure a cheaper deal. This is because the leasing company (the lessor) will pass on to the customer (the lessee) the benefit derived from being able to depreciate the asset fully in the first year. Moreover, the lease payments are themselves deductible against the customer's tax liability.

A further advantage of leasing, although not one always stressed by lessors themselves, is that a leasing contract does not appear on a company's balance-sheet. The rentals are treated in the same way as office rent and do not have to be shown under indebtedness, hereby not interfering with other forms of borrowing. At the moment the accounting profession is hotly debating this issue and in future auditing standards may require companies to outline lease commitments outstanding in a separate note to the accounts.

The drawbacks are that some companies may have sufficient taxable profits to use up the 100 per cent first year capital allowances and it is here that each individual must do his own sums. Insurance arrangements can also be complicated and a lessee, although at no stage the legal owner of the equipment, is responsible for third party insurance.

Apart from the financial considerations, leasing is most appropriate for a company buying high technology or sophisticated equipment and machinery. No company wants to be stuck with an obsolete asset which has been superseded by something cheaper and more efficient. It is no coincidence that the ELA figures show total computer and office equipment rising from £164m in 1977 to £240m last year. Mechanical handling equipment is clearly not as fast moving as computers in this respect but it is always a factor worth bearing in mind.

Tim Dickson

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MRS. THATCHER'S PROGRAMME

POLITICAL ASSESSMENT

Creating an air of suspense

THE inevitable first impression of the new House of Commons is that the parties are sitting on the wrong side of the chamber. Mr. Edward Heath has taken the seat that used to be occupied by such Labour left wingers as Mr. Dennis Skinner or Mr. Russell Kerr. The Labour front benches look distinctly empty. It is all too much for Mr. Norman Tebbitt, the Conservative junior minister, who begins his interruption to Mr. Callaghan: "Would the Prime Minister. . .?"

Not that the *impression lasted* for long. It was too much Mrs. Thatcher's day for that. The second impression, however, is more abiding. It is that the Tories ara creating an air of suspense. Certainly they are carrying out their promises, some of them with almost indecent haste. But they are doing the easy things first and many of them—*like* the awards to the police and the armed forces—cost more money not less. Even in such fields as education there is not the slightest hint of cuts, let alone of economic difficulties. It will be only after the first Budget next month that we shall begin to be able to make a judgment on how Tory government works.

The Queen's Speech is essentially the Conservative Party Manifesto in another form. If there are aoy tiny aurprises, they include the decision to award tha fourth television channel to the Independent Broadcasting Authority, and the priority given to tha restoration of pay beds. They may be small enough matters in themselves, hut they illustrate yet again the preference for the individual rather than the State or the semi-State enterprise.

"The most notable omission is *the lack of* a promise of any legislation to transfer to the trades unions more of the costs of *supporting those* of their members who are on strike. Together with the pledge of close consultation *with the unions*, that suggests a *note* of caution. But, as Mrs. Thatcher made clear in response to Mr. Denis Healey, the former Chancellor of the Exchequer, the fact that legislation is not promised this session does not mean that the aim bas been abandoned.

There is also some slight caution on Northern Ireland where Mrs. Thatcher stressed the difficulties ahead and perhaps—though only perhaps—on Rhodesia where she emphasised the need to take into account the wider international implications before recognising the internal settlement in that country.

For the rest, *however*, Conservative actions look as if they will be very *like* Conservative words. There was probably more to be learned from watching Mrs. Thatcher'a performance than from studying the text of the speech from the throne. She was master of her party and master of the House, in many ways indeed a somewhat fearsome spectacle.

The passage that stood out most was Mrs. Thatcher describing the Tory victory. "The Conservative Party," she said, "has captured and now occupies the middle ground of British politics. . . .This was indeed the watershed election and the result was dacisive." It is not the words that are memorable and one may even wonder whether they are entirely true. It was the way that sha apoke them. Mrs. Thatcher now appears to have an absolute determination that she is in charge. She meahs what she says.

With vigour

It was the same with ber remarks on law and order. "The battle against crime," she said, "will ba pursued with relentless vigour and total commitment." It is also clear that she has a vision of society to which she expects others to *conform*. "The desire of the individual to do better for himself and his family is the true *driving force* of our society," she said. That again may be a somewbat questionable assumption, but Mrs. Thatcher plainly believes it.

Not least, there were repeated variations on Professor Milton Friedman's dictum: "There is no such thing as a free lunch." There is no such thing as free schooling, Mrs. Thatcher claimed. Primary schooling costs £324 per year per pupil. Secondary *schooling costs* £455 and sixth form schooling £800. There is no such thing as a free *service in health either*, she said. Certainly there will be no free lunches in Mrs. Thatcher's Britain.

It is true that there were some lighter touches. The deference to the arts, the pledge to changa the procedure of the House of Commons, to reform Section 2 of the *Official Secrets* Act and to amend the law of contempt of court—all those suggest that the liberals in the Conservative Party still have a look in. This Tory Government should be considerably more reformist in constitutional matters than its Labour predecessor. Yet one cannot avoid the suspicion that these are *not* Mrs. Thatcher's main *interests*. She is domioated by a vision of a growing economy and individual self-help.

How all this will match up to the realities *of* economic crises, *energy* shortages and perhaps world recession is still anybody's guess. It was striking that the subject of energy was not once mentioned except by Mr. Callaghan. Yet in almost every respect the economic prospects seem to bave become worse since Mrs. Thatcher took office. The most recent hanking figures suggest problems with the mooey supply while *inflation* is again over 10 per cent. At the same time, the immediate effect of the promised Tory economic measures is almost bound to be unpleasant. The switch to indirect taxation will push up *the cost of living index still further*, and measures to reduce state intervention in industry will presumably cost jobs, at least in the short term.

That is what one means by the Tories creating an air of suspense. They have told us what they want to do many times now, but they have still not shown us how they are going to do it. The rabbits are out of the hat, hut the Budget will have to produce something more in the way of *cuts and restraint. One wonders* how many people realise how much Mrs. Thatcher's Toryism could hurt, even if she must be cruel only to be kind.

As for Mr. Callaghan, it was not his day. He tried to be gracious at times, but the attempted jokes came out more like sneers. He made one major *gaffe* when he sought to criticise the Queen's Speech for *containing no* refereoce to overseas aid *policy*. In fact, the reference is thera and the former Prime Minister bad to be shown it. It *was* hardly in keepiog with the role of elder statesman which he clearly inteoded to play. *Perhaps* being leader of the Opposition is not bis *forte* after all.

Malcolm Rutherford

PRICE CONTROLS

Few tears for the Price Commission

A COLLECTIVE sigh of relief will almost certainly be voiced by industrialists at the Government's decision yesterday to abolish the much-maligned Price Commission and merge its activities with the Office of Fair Trading and the Monopolies and Mergers Commission.

Few government agencies have incurred such a degree of hostility as the Price Commission has over the past 22 months. The Conservatives, when in opposition, often described it as a Mafia-like Star Chamber," the CBI repeatedly claimed that investment and jobs have both been lost because of the Commission's activities.

There was never any real doubt about the demise of the Commission under a Conservative government. The mechanics of its dismemberment were spelled out last night by Mr. John Nott, Trade Secretary, and Mrs. Sally Oppenheim, Minister for Consumer Affairs.

The Government intends to introduce a short Bill, of about 15 clauses, shortly after Whitsun which will abolish the Price Commission and give stronger powers to the OFT and the Monopolies Commission. The main thrust of these powers will be to give these two bodies greater scope for dealing with price rises in conditions of "limited competition." The exact definition of limited competition will be clarified in the Bill.

Mr. Nott said last night that under the strengthened OFT, the Director General of Fair Trading (at present Mr. Gordon Borrie) would "be charged with the *responsibility of investigating* areas where he suspects that competition is limited." This means that if the Director General finds a *prima facie* case of limited competition he will then have the powers either to refer any practices which restrict competition to the Monopolies Commission or to make a full monopoly reference under his existing powers.

It is also intended that the Secretary of State should have the power to request the Director General to investigate prices in areas which appear to be of major public concern. But again, only where a *prima facie* case of limited competition is established, will a reference to the Monopolies Commission be made by the Director General. If no limitation of competition is established, the report will be published and no further action will follow. There will be no requirement to pre-notify price increases or freeze prices during an investigation.

The Monopolies Commission will also be strengthened to enable it to carry out swifter investigations, and the Secretary of State will be given the necessary powers to put the Commission's recommendations into effect.

The Bill will also give the Director General of Fair Trading new powers to investigate the abuse of monopoly power by the nationalised industries—a considerable gap in present legislation.

The immediate effect on companies is that, from next week when an order is laid before Parliament, large companies will no longer have to pre-notify the Commission of proposed price rises and face the prospect of a three-month price freeze.

The Government intends to allow the Price Commission to complete the nearly finished sectoral examinations which it is currently conducting. Investigations being carried out into individual companies' price rises will also be allowed to finish, with the exception of the probe into higher bread prices sought by Ranks Hovis McDougall and Allied Bakeries. Mr. Nott will use his power of veto to end this investigation, which will mean an immediate 1p rise in bread prices following the 1p increasa allowed last week by the Price Commission.

Mr. Charles Williams, the Price Commission's chairman, will not have his contract renewed when it expires at the end of July. The rest of the Commission's 500 civil servants and contract staff will be absorbed in either the OFT or Monopolies Commission, or in other government departments.

The Government intends, however to continue with its longer term review of the whole area of competition policy and consumer protection. But, as Mr. Nott pointed out last night, the new proposals will immediately "reduce the burden on industry while improving competitive forces in industry."

David Churchill

BROADCASTING

IBA gets channel four

THE REASON why caps were not being thrown too high in the air by commercial television companies in Britain last night is that the Government is about to give the *fourth channel to the* Independent Broadcasting Authority, which is not necessarily the *same thing* as Independent Television. The IBA is either a restraining or constraining influence *on* ITV, depending on your point of view, and the role now seemingly proposed for it will bring the Authority into much closer direct contact with the viewers than has been the case in the past.

The essential difference between an ITV dream and an IBA approach to the fourth channel *is* that *if the companies* were given their way they would appoint a second programme committee among themselves and produce an ITV 2 to inter-weave with ITV 1. The IBA attitude is to give ITV 2 a much more independent role with a programming committee appointed by the Authority itself, not the companies, and run by a separate programme controller.

In much of the evidence to the *Annan Committee* on *the* Future of Broadcasting alarm was expressed at the proapect of British *television becoming* too lika its American counterpart if the fourth channel went *to* ITV. It was *suggested* that a second commercial channel would be ratings geared, thus provoking *the* BBC to take an audience-grabbing attitude and forcing British peak-time *television into* the *same* mass audience fodder programming that assaults American viewers in evening prime time.

Awarding the fourth channel to the IBA rather than the ITV companies goes a considerable way to preventing this. The IBA has already made clear that *it* would *like* to *see no* more than one-third of the new channel'a programming devoted to *mass audience popular* material, suggesting instead that two-thirds of the work *should be of "serious"* interest. Given an early go-ahead, which seems likely, the *new* channel *could be* on the air during 1982.

Preliminary work on the transmitter system had already been *authorised* by the Labour Government towards the end of its career, although it had *planned* to *give the operation* of the new Channel to the Open Broadcasting Authority as proposed by Lord Annan's committee.

Although at the moment commercial television as a whole would probably claim the two are not incompatible it seems likely that the conflict between the IBA and ITV will be between pride and profit. There is little doubt that the *IBA is eager to* prove that a channel funded *by* commercial television can provide a minority television ebannel as good as and, given time, superior to BBC2.

The funding of ITV2 (already last night there ware private whisperings within the IBA *headqoarters* that *another name* might be found for the channel) is, of course a key point. Clearly *the cash is to come from the* ITV companies. After three or four years the channel would be self-financing but in the early stages the money would bave to come from the ITV companies themselves, a matter which is likely to lead to some argument. The sums involved vary according to the ambition of the speaker—say £60-£80m for the first year capital and running costs and £50m a year after that. The companies will want to see as much as possible of that coming from ITV2 advertising, and yet not suffer losses of their own revenue.

In *advertising terms this* presents an interesting prospect. Does it produce a channel, for example, *which* will bave particular appeal to the AB colour supplement viawer, leaving the mass-market to ITV1? Will we find the soap powder ads on ITV 1 and quality cars and scheduled air travel promoted on ITV 2?

More immediately the ITV companies are more concerned about the prospect of the IBA, which until now has played the part of the referee, actually joining in the game.

Arthur Sandles

HOUSING

House sales sure to cause a fight

THE PLAN to maka council house purchases by tenants easier and cheaper—restated in the Queen'a Speech yesterday—looks likely to face stiff opposition from Labour controlled councils.

Mr. Norman Morris, in his sixth year as leader of the Labour-controlled Manchester City Council, has said that there would be a massive *stalling operation* if the Government introduced legislation to force councils to sell homes to tenants.

The first measures are expected to be announced in a matter of days. They will include *increasing* discounts offered to tenants and the abolition of the arrangement—introduced *only* two months ago by the Labour Government—limiting sales to tenants who had been living in their *homes* for at least two years.

Local authorities currently negotiating the *sale of council* houses have been asked to advise tenants of these measures so that they can delay purchase until the *consent* granting higher discounts is made.

Manchester has put a total ban *on any council house* sales and Mr. Morris aays that the Government'a proposals are "completely *immoral*."

The Conservatives intend to lift the laval of home ownership in Britain from *50 per cent* of the bousing stock to nearer 70 per cent. They argue that the 5.5m houses in the *public* sector are a needlessly expensive way of providing accommodation consuming around *£4bn of* subsidies each year. Their policies, they believe, would sava public money and provide people with independence, mobility and security.

They do bowever face a major problem following the unexpected success of Labour in the recent local elections which saw a number of *key* local *authorities* switch from Conservative tn Labour control.

The greatest opposition may come from the *crucial* Metropolitan and large district councils which have a large nnmber of council homes *and serious* housing problems. Labour, since the local elections, controls 17 of the 36 Metropolitan Councils against 13 controlled by the *Conservatives*. Of the nine large district councils—where the Government may meet the strongest opposition—Labour controls six.

The Government has yet to *announce* details of its propoaals, but it seems likely that there will ba a provision to provide mortgages of up to 100 per cent—either from local authorities or, as the Government would *prefer*, from building societies.

A guide to the pessible levels of discount to be offered *may be* found in Conservative proposals made during the election campaign. Then it was suggested that *tenants* living in a property for three years should have the the right to buy their own bome at a 33 *per cent discount* below the current market value. Teoants of 20 years' standing should be offered discounts of 50 per cent.

Another aspect of Government bousing policy outlined in *the Queen's Speech* and likely to cause arguments is the commitment to introduce a provision *permitting landlords* to negotiate short-term leases. This *will be designed to aid* landlords who bave been reluctant to let because, under current legislation, they bave been unable to *remove sitting tenants*. However the charter will only apply to *new* tenants and existing *residents can expect to continue* to be protected. The purpose of the concession would be to *ease* the shortage of private rented accommodation.

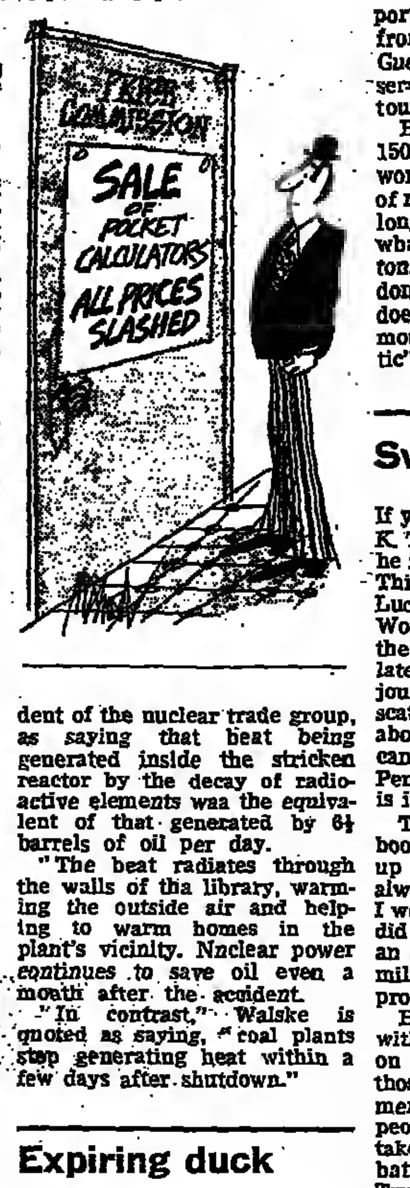
This *proposal* is almost certain to meet opposition from bodies like Shelter, which campaigns for the homeless.

The least *contentious* of the Government's housing plans announced yesterday is the move to introduce a tenants' charter which *can* be expected to embody some of the provisions contained in the last *Government's Housing Bill lost* when the election was called. The new charter is likely to call for greater liaison between *local* authorities and tenants over the management of estates.

Andrew Taylor

MEN AND MATTERS

Pocket politics hint from Douglas?



In the fight against inflation, how much does the ½p matter? Not much, thinks the Isle of Man, which has its own currency and hinted yesterday that the coin's demise is "imminent" (it may go sooner than birching). But any thought of following suit over here will certainly produce anguished cries from consumer bodies.

The Consumer Association says: "The halfpenny is fiddly, but without it, all price rises would be a minimum of a penny, so pushing up inflation." The association can take comfort that 2bn of the tiny things are in circulation—"demand is good," according to the Royal Mint. Who decides whether Britain keeps its hold on the halfpenny? "That is a political decision for the government of the day," says the Mint.

Unlucky types

The paragraphs in the Queen's Speech about the National Enterprise Board will be read anxiously at the Monotype Corporation. Last year the 80-year-old company was rescued by the NEB while owned by another name in the news — Keyser Ullman.

The misfortunes of *Monotype* occupy a corner of the Department of Trade report on Dowgate. But the report does not trace its progress to the present day, where hopes rest on a laser-composing system which appeals to the Chinese. The troubles of Monotype really began when it was acquired by Grendon Trust, with the help of merchant bankers Edward Bates.

After Selmes went down, Keyser found itself in possession of the renowned old company — Harold Macmillan was once among the directors, and its chairman before the Selmes era was Sir George Harvie-Watt, wartime PPS to Churchill.

The NEB and Barclays now control Monotype. People in the printing industry say its hopes of a return to its old stature must depend on the lasers and a spell of stable management.

Rubbing it in

The anti-nuclear brigade has infuriated the already sensitive Atomic Industrial Forum in Washington with a bogus Press release.

Put out on AIF stationery and headed "Three Mile Island Still Saving Oil," the document "quotes" Carl Walske, president of the nuclear trade group, as saying that heat being generated inside the stricken reactor by the decay of radio-active elements was the equivalent of that generated by 6½ barrels of oil per day.

"The heat radiates through the walls of the library, warming the outside air and helping to warm homes in the plant's vicinity. Nuclear power continues to save oil even a month after the accident.

"In contrast," Walske is quoted as saying, "coal plants stop generating heat within a few days after shutdown."

Expiring duck

No doubt inspired by the new order of things on the mainland, the Government of Guernsey is presiding over the last squawks of a lame duck—*its privately-run* bus service. Anthony Houghton, a partner in City accountants Touche Ross—called in to sort out the stricken company's affairs—tells me the authorities in Saint Peter Port think it is "none of their business" to prop up the National Bus Company which serves the island. It is, accordingly, going to the wall.

The staple problem is that the company's 100 buses are full in summer and more or less empty in winter. "There have also been some labour problems," says Houghton. It seems the shareholders were not willing to agree to a pay increase of more than the rise in the cost of living. And when the arbitrators suggested 16¼ per cent, the "rather fed-up" shareholders considered liquidating the company there and then.

He now hopes to *sell* the National Bus Company, without which Guernsey's public transport will simply disappear. Apart from inconveniencing ordinary Guernseymen, the lack of a bus service would severely affect the tourist industry.

How much are 100 buses and 150 disgruntled employees worth? "It's been the subject of rumour and speculation for so long that no one really knows what's going on," says Houghton. "No accounts have been done since 1977." If someone does buy it, he thinks, the motives are likely to be "altruistic" more than anything else.

Sword to pen

If you mention the name Lucian K. Truscott IV to a U.S. general, he is likely to reach for his gun. This is in strict contrast to Lucian K. Truscott II, a Second World War hero who directed the liberation of Rome. The latest of the line is a New York journalist who has written a scathing bestseller, Dress Gray, about West Point—the American Sandhurst. It has made the Pentagon hop with rage; a film is in the pipeline.

Truscott is in London for the book's launching here. "I grew up in a home where there were always generals around, so when I went to West Point myself they did not intimidate me." With an attitude like that, Truscott's military career could *scarcely* progress in the family tradition.

Having fought his private war with West Point, he has his eyes on Wall Street. "Behind all those tiny figures are stories of men *running off* with other people's wives. Companies make takeovers through personal hatreds, in my experience." Truscott is 31, and if he may seem a little short on experience, he is long on words. Big business may soon know just how the generals *feel*.

Crop of errors

Translators at the EEC headquarters in Brussels were struggling recently with a document dictated by a British official to his secretary. The subject was trade relations with Japan, and the translator were baffled by a passage insisting that the Japanese should be persuaded to buy more "farmers uticles."

Heads were s c r a t c h e d, dictionaries combed and agricultural experts consulted for a *definition of an "uticle."* The mystery was only solved when the author of the document was contacted and *revealed* that what he had really meant was "pharmaceuticals."

Observer

Coats Patons down £12m but better year seen

FROM TURNOVER of £673.83m against £639.5m, profits before tax of Coats Patons amounted to £71.21m in 1978 compared with £83.23m previously.

First half profits had fallen from £40.9m to £32.85m, and the directors said no significant improvement in second half profits could be foreseen.

However, the directors say present indications are that 1979 profits will exceed those now reported, but a greater improvement in world trade than the Board envisages would be required to produce a substantial increase.

Earnings per share for 1978 are shown at 14.5p against 17.7p but as expected, the final dividend is the maximum permitted 2.3417p making 3.6374p compared with 3.2892p.

The sales increase comprised £10m or 1.6 per cent in increased volume and £66m or 10.3 per cent in price increases offset by £37m of adverse exchange movements. Exports amounted to £62.7m (£60m).

The results were some £5m pre-tax better than the Board expected, of which trading accounted for £2m and diverse financial items for £3m. A total of £11.8m was written off reserves in respect of exchange losses on net current assets.

Using the Hyde formula, pre-tax profit would be £43.3m (£47.5m). Cash flow was £56m (£68.5m) while additional working capital required as a result of inflation was £24.8m (£34.3m).

Fixed assets investment amounted to £22.8m (£20.3m) and other investment £0.3m (£6.1m). Expansion of working capital absorbed £1.7m (£18m). After dividends there was net cash outflow of £3.8m (£19m).

Trading profits at £72.7m after depreciation were down on 1977 by £13.3m or 15.5 per cent, of which some £9m was due to the weakening of a considerable number of foreign currencies against sterling.

An improvement was seen in the UK, Latin America and Australia, while the European markets and the fasteners and domestic sewings sectors of North America remained depressed.

Overall trading margins fell from 13.4 per cent to 10.7 per cent, due to increased costs deriving from inflation and the higher incidence of fixed costs resulting from a lower level of production in spite of the price increases achieved.

However, the fall in volume sales in 1977 was reversed, the directors say.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Bulmer & Lumb at £2.2m

A SLOWDOWN in second half taxable profit from £1.49m to £1.38m left Bulmer and Lumb (Holdings), worsted spinner, showing a marginal advance for the year to April 1, 1979, from £2.19m to £2.24m. Sales dipped £1.51m to £25.83m.

A warning that the momentum seen in the early months of the year was not being maintained was given by the directors at half-time when the surplus was ahead to £0.88m, against £0.7m. The contraction of trade lasted several months.

Mr. J. H. Nunnerly, the chairman, now says that it is difficult to make a realistic prediction of future profits while prospects for the textile industry remain uncertain and the strength of sterling makes exports less competitive.

However, the group's financial position is strong and its continuing extensive re-equipment and development programme will enable it to take full and profitable advantage of any sustained upturn in trade, he adds.

After tax of £1.17m (£1.14m) stated earnings per 20p share emerged higher at 12.47p (12.19p). A net final dividend of 1.9733 lifts the total to 3.46967p (3.13454p).

Unicorn ahead

After a poor start in the UK due to transport strikes and bad weather, order levels for the most part at Unicorn Industries had increased sharply in March, enabling group profit for the first quarter to move slightly ahead of last year, Mr. Brian Ball-Greene, the chairman, told members at the annual meeting.

There had been an improvement in profitability in North America, but a deterioration in Brazil, while other overseas operations were approximately on plan.

However, the level of business experienced worldwide in March had not been uniformly sustained in recent weeks.

Runciman loss-cut in dividend

A SLUMP from £2.6m pre-tax earnings to a £695,257 loss is reported for 1978 by Walter Runciman and Co., shipping and freight agent. Turnover eased by £1m to £37.6m and the total net dividend is cut by more than half.

At midterm the directors said the shipping division was fully exposed to the depression in the industry and although both freight rates and ship values had risen since the end of 1977 no sustained recovery was yet in sight. The insurance and security divisions meanwhile remained profitable.

There is a stated loss per 25p share for the year of 6p (earnings 16.8p) and a 2.5p final dividend leaves the total at 3.75p (8.16p).

The result is after charging £226,640 compensation payments to former employees. After a tax credit of £117,123 (charge £1.36m) the net loss was £578,134 (surplus £1.23m).

CU falls £6.2m after bad winter

POOR underwriting results, particularly in the U.S., sent the tax profits of Commercial Union Assurance Company falling from £29.6m to £23.4m in the first quarter. After tax profits dropped from £18.9m to £15.2m.

The bad weather last winter in the UK, Europe and the U.S. caused an underwriting loss of £14.5m, compared with a loss of only £2.3m in the first quarter of 1978. The company's extreme weather provisions had little effect on this past quarter's losses.

The operation of the extreme weather provision increased the underwriting loss this time by £700,000, whereas in the first quarter of 1978, which had some heavy blizzards, it reduced the underwriting losses by £2.3m.

In the U.S., the group's main operating country, bad weather losses affected the property and motor accounts resulting in a £7.4m underwriting loss, against only £300,000 in 1978. The statutory operating ratio rose to 105.6 per cent against 99 per cent in the first quarter of 1978. Besides the bad weather there was a general deterioration in the U.S. motor experience. Motor premium increases have averaged only 2 per cent, compared with inflation between 6-8 per cent. The position is unlikely to correct itself since there there are no major rate increases in the pipeline. There has also been considerable further expenses relating to the U.S. business reorganisation.

The UK was affected by the worst winter for 16 years. The domestic claims at 30,000 were more than double the number expected. The underwriting position deteriorated to a £3.5m loss from a virtual breakeven position in 1978. The company has been hit by an increase in the number of very big fires during the quarter. The company is putting up its motor premium rates for private motorists from June 1 by an average 12 per cent. The last increase was made 12 months previously when rates were lifted by 16 per cent.

Underwriting losses were recorded in Canada and Australia.

Although the Dutch underwriting loss was slightly lower at £3.1m, the improvement was not as good as expected.

World-wide premium income rose by 3 per cent in sterling terms from £334m to £344.9m. But stripping out the effect of exchange rate changes, the underlying growth was 10 per cent. Shareholders' funds rose from £598m to £683m. The solvency margin at the end of the quarter was three points higher at 62.6 per cent.

Investment income showed an increase of 11 per cent in sterling terms from £33.6m to £37.4m. But the underlying real growth was 16 per cent. The group is also repaying several outstanding debts, and the improvement in investment income, less loan interest, is about 25 per cent in real terms.

● comment

Commercial Union's extreme weather provisions did not save the group's profit and loss account from taking a hiding on its first quarter underwriting results, especially in the U.S. This provision is only invoked if the severe weather comes in isolated blizzards and last winter the conditions were steadily and persistently adverse. In any case the underlying trend for its U.S. business is downward this year with poor motor experience and higher fire losses which bad weather has exacerbated. Conditions in the UK should improve thanks to rate increases in motor and household contents business. But even if the rest of the year repeats the pattern of 1978, pre-tax profits are not likely to exceed last year's £142m. The market was disappointed with the results and the share price shed 4p to 164p yielding 7.8 per cent.

Lorry strike cost ABM £1½m

THE COST of the lorry drivers' strike to Associated Biscuit Manufacturers, estimated in the annual report at over £1m, now looks likely to be nearer £1½m, said the chairman, Mr. Gordon Palmer, at the AGM yesterday.

Most of the loss was suffered by the biscuit division and by exports. Despite a significant increase in volume over the past few weeks, it was unlikely that this sum would be fully recovered during the rest of the year.

However, during the first four months of the current year, the biscuit and snack food divisions had both increased their share of their respective markets. "Unless something unforeseen occurs," said Mr. Palmer, "I see no reason why the group should not perform satisfactorily in 1979."

The recent acquisition of Dad's Industries in Canada, together with the group's existing organisation there, brings ABM's share of the Canadian biscuit market to around 25 per cent.

Trafalgar takes £13m fall to £16m at six months

A £10m dive in revenue from property and a substantially increased loss in the shipping, aviation and hotels division, caused a sharp reversal for Trafalgar House in the first half of 1978-79. For the six months to March 31, 1979, group pre-tax profit fell more than £13m to £16.32m.

The company was affected by the harsh winter and its accompanying labour disruption and the weakness of the U.S. dollar, Mr. Nigel Broackes, the chairman says, pointing out that last year, when profit was a record £60.63m two divisions enjoyed exceptional levels of receipts which would not be repeated this time.

Though trading in the second half still shows traces of the problems of the winter the trend is improving, he adds.

Total revenue, before £1.67m (£1.78m) interest on funded debt, was down at £17.99m, against £31.27m. The only area to show marked advance was investment activities up from £3.9m to £7.61m. Construction, including housing, achieved marginal growth to £9.09m, compared with £8.96m.

Elsewhere revenue from property was down at £8.98m (£18.99m), the deficit, shipping, aviation and hotels, reached £8.12m (£1.87m) and for the group's newspaper and magazines interests, which include Express Newspapers and Morgan Grampian publishers, the surplus fell from £1.26m to £431,000.

A tax charge of £5.71m (£10.33m) left the net balance at £10.61m, against £19.17m, for stated earnings per 20p share 3.7p lower at 4.2p.

The net interim dividend, however, is effectively raised from 1.89p to 2.11p and the directors say that, despite recent pressure, dividend cover is adequate and further increases will follow if the ceiling is raised or removed altogether. Last time a total equivalent to 3.84p was distributed.

A much reduced deficit for shipping, aviation and hotels is expected in the second six months. Passenger shipping lost money during the half year because of an unusual combination of events Mr. Broackes explains.

Firstly, two voyages of the QE2 had to be cancelled because the vessel's 10-year overhaul took longer than planned and the Countess and Princess both required costly engine repairs.

Following the Iranian revolution the cost of oil for the QE2 alone is likely to reach £8m a year compared with £1m in 1973.

Hotels traded only moderately through the winter.

On the newspaper and magazines side the new Financial Weekly has had an excellent reception and seems to have claimed a firm place in its market the chairman reports.

The losses at the Daily Express have been cut significantly by the introduction of the Daily Star which has helped to share overheads and personnel. The Star's circulation is topping 900,000 a day and this will grow as the distribution area is increased but it may take two or three years to become profitable, Mr. Broackes says.

Property is doing well and conditions are better than seen for many years. In construction, where first half results were restrained by the winter weather, overall progress and prospects are good.

Investment activities reflect the interest charge by Trafalgar on advances to the group's operating divisions. This year, interest charge is likely to exceed £18m (£10m) and the next accounts may itemise these charges.

In 1977-78 the property results benefited from a £18m surplus on two particular sales and the sale of the group's interest in the Savoy Hotel produced nearly £4m.

	Half-year to 31 March 1978-79 £000	1977-78 £000
Total revenue	17,985	31,266
Property	8,976	18,994
Investment	7,606	3,903
Construction	9,090	8,960
Shipping, aviation and hotels loss	8,120	1,869
Newspapers and magazines	431	1,256
Interest	1,669	1,781
Pre-tax profit	16,316	29,490
Tax	5,712	10,322
Net profit	10,607	19,168
To minorities	56	300
Extraord. losses	173	10
Pref. dividend	49	49
Attributable	10,049	18,818

† Includes £555,000 (£76,000) profits on ship sales.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ambrose Investment Tst.	3.3	July 31	2.7	5.5	4.5
Bishopsgate Trust	4.75	July 2	4.25	6.95	6.25
Bulmer and Lumb	1.97	July 2	1.75	3.47	3.13
Coats Patons	2.34	July 2	2.09	3.64	3.29
Concentric int.	1.1	July 2	1	—	2.66
Gieves Grp.	3.24	July 3	2.97	4.99	4.52
Hambros Investment	2.6	June 11	2.25	4.1	3.75
C. E. Heath int.	3.8	—	3.43	5.42	4.93
Hield Bros.	0.75	July 2	0.75	0.75	0.75
Inter City Inv.	0.57	Aug. 13	0.4	1.17	0.6
NSS Newsagents int.	1	July 4	0.8	—	2.37
Pentland Investment int.	2.11	Aug. 2	1.91	—	5.62
Ranks Hovis int.	1.45	July 12	1.45	—	3.42
Walter Runciman	2.5	—	5.66	3.75	8.16
Scot. Northern Inv.	2.6	June 23	2.46	3.5	3.66‡
Trafalgar House int.	2.11	July 14	1.89*	—	3.84*
Trench Mines int.	50†	June 22	25	—	25
UDS Group	3.35	Aug. 1	3	5.65	5.1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian cents. § For 60 weeks.

Strike costs Allied Breweries £5m

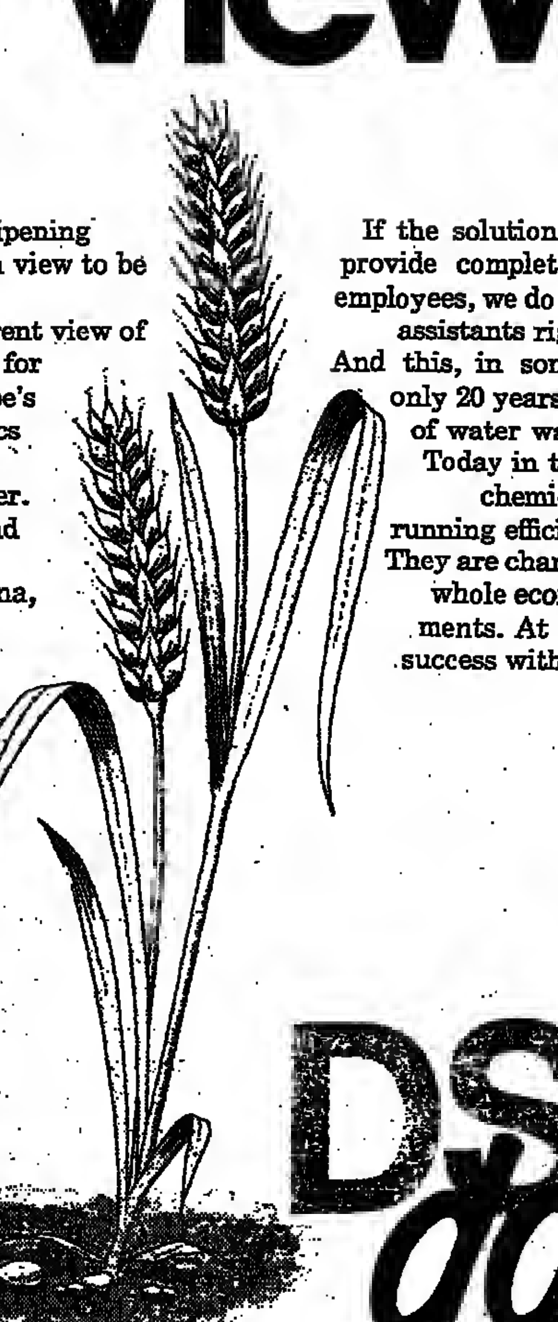
A STRIKE at the Warrington brewery has cost the company some £5m in respect of last year, Mr. Keith Showering, chairman of Allied Breweries, told shareholders at the annual meeting.

The result, he said, is a serious loss of trade in that area with fewer job opportunities and less security.

Allied's audited accounts are not yet available because the group's accounting period has been extended following the acquisition of J. Lyons.

Mr. Showering, however, said the results for the past 12-month period—and the past 12 months—must be considered a satisfactory performance, "even more so, taking account of the poor weather last summer, the stringencies of the Price Commission and the strike at Warrington."

Meanwhile, the board's best expectations for Lyons are now being realised. "Last year's figures were satisfactory, the current year's figures should please everyone and the outlook for the years ahead is even better."



RHM

RANKS HOVIS McDOUGALL LIMITED

Announcement of Interim Results

Results

Group profit before taxation for the half-year ended 3 March 1979 amounted to £14,384,000 compared with £15,985,000 for the corresponding period of the previous year.

As indicated at the Annual General Meeting in January, the five week strike in the UK bread industry during November and December 1978 resulted in severe bakery trading losses and the reduction in Group profit for the half-year is more than attributable to that dispute. Energetic efforts by our employees enabled the Group to limit the effects of the road haulage strike on our overall business. We succeeded in maintaining animal feed supplies to farmers despite the strike and the atrocious weather conditions, although at the expense of profitability due to increased costs. The Grocery Division traded very satisfactorily during the first half and profits from nearly all areas of the Group's overseas interests were encouraging. The remaining trading activities produced results broadly similar to those of the previous corresponding period.

Interim Ordinary Dividend

The Board has decided to pay on 12 July 1979 to Ordinary Shareholders registered at the close of business on 15 June 1979 an interim dividend for the year to 1 September 1979 of 1.452p per Ordinary share (last year 1.452p per share), involving a payment to shareholders of £3,961,000. This dividend, together with the related tax credit of 33/67ths thereof, represents 2.167p per share (last year 2.167p per share).

Prospects

Bread sales are unlikely to recover to pre-strike levels and the Price Commission, very unreasonably in our view, have refused to allow the fully justified increase requested for bread prices.

In addition, margins for a number of other Group products in the UK are currently under pressure and, in view of these factors, Group profits for the second half year are expected to be significantly below those of 1978.

Joseph Rank, Chairman

Consolidated Profit Statement for the half-year ended 3 March 1979

	Half-year ended 3 March 1979 (Unaudited) £000	Half-year ended 4 March 1978 (Unaudited) £000	Year ended 2 September 1978 £000
Turnover			
Total Sales	787,000	681,000	1,402,000
Deduct: Sales within the Group for further processing	104,000	83,000	174,000
External Sales	683,000	598,000	1,228,000
Profit on trading before rationalisation costs and depreciation	33,328	30,232	81,286
Rationalisation costs	2,564	225	979
	30,764	30,007	60,307
Depreciation	10,708	8,626	18,006
	20,056	21,381	42,301
Interest	7,254	6,533	13,897
	12,802	14,848	28,404
Investment income	185	167	365
Associated companies	1,397	970	2,352
Profit before taxation	14,384	15,985	31,121
Taxation	7,250	8,300	15,813
	7,134	7,685	15,308
Minority interests	302	235	694
	6,832	7,450	14,614
Extraordinary items less taxation	739	487	(1,019)
	7,571	7,937	13,595
Preference dividends paid	142	142	283
Profit attributable to the Ordinary shareholders of Ranks Hovis McDougall Limited	7,429	7,795	13,312
Earnings per Ordinary share of 25p*	2.4p	2.7p	5.3p

*(Based on 272.8 million Ordinary shares ranking for dividend and profit attributable to the Ordinary shareholders before extraordinary items.)

UK COMPANY NEWS

UDS calls for £35.5m as profits jump 45%

A 45 per cent jump in profits and proposals for a £35.5m rights issue are announced by the UDS Group. Group profits at the year-end reached £27.82m compared with £19.16m, and sales now show a big improvement over the corresponding period last year, the directors report.

The group is issuing 38,140,180 25p shares at 93p on one-for-four basis.

The directors say that internal and external expansion has in recent years been financed largely through borrowings and the company's own resources. In the year to January 27, 1979 capital spending was over £11m and this year it is expected to exceed this. At the year-end share capital and reserves stood at £301.7m (£150.4m) and long and medium term loans at £50.8m, against £55m.

During the past two years the company has rationalised and consolidated its trading divisions. Each division, multiple shops, department stores, home shopping and export and overseas is ready for further investment and growth.

Major programmes of refurbishment are already in train for the multiple shops side and the group is continuing to extend geographically. Last year these operations pushed up the taxable surplus from £7.84m to £12.4m.

Extensions of several of the department stores are under way, and negotiations are going on for further sites. This division raised profits from £7m to £9.4m.

The Board is committed to vigorous expansion of the John Myers mail order business and substantial investment is needed in both debtors and computerisation to strengthen the operations in this growing sector. The home shopping side pushed up profits from £3.8m to £5.3m.

The export and overseas division advanced from £3.7m to £4.3m. The group is consolidating its position in the airport shops field and since the year-end has arranged for additional outlets in Australia, Brazil and the UK.

The Board says the company has the managerial capacity to grow through expanding existing businesses and also by acquiring and developing new interests in non-food retail distribution.

The profits leap at the year-end was achieved on turnover, excluding VAT, well ahead at £395.3m, compared with £331.3m. At midway the taxable surplus showed a significant increase from £4.4m to £9.1m on turnover up some £30m to £169.6m. The directors then forecast a significant year-end profits increase.

The final dividend of 3.345p net per 25p share makes a maximum permitted total of 5.645p against 5.1p. The directors say they intend to recommend a total of 6.21p for the current year on the increased capital.

Tax for last year takes £7.1m (£6m) leaving net profit of £20.7m, compared with £13.2m. Stated earnings per share have risen from 8.7p to 13.6p.

There is an extraordinary credit of £9.4m (£3.4m). This includes a net surplus on the disposal of property and investments of £10.1m (£3.05m), an exchange loss of £3.9m, against £35,000, and a realised property revaluation surplus of £5m (£751,000).

At the year-end there was a professional revaluation of all the group's properties which showed a £134.8m excess over book value. This has been incorporated in the consolidated balance sheet. Net tangible assets are ahead from 98.6 to 197.8p.

	1978 £000	1978 £000
Turnover (excludg. VAT)	395,259	331,269
Multiple shops	132,544	114,685
Dept. stores	100,080	85,247
Home shopping	101,934	82,473
Exp. & overseas	60,701	48,864
Operating profit	38,136	28,945
Taxable profit	27,818	19,158
Multiple shops	12,398	7,839
Dept. stores	9,418	8,961
Home shopping	6,283	3,845
Exp. & overseas	4,288	3,658
Prop. and invest.	2,165	1,933
Associates	1,392	1,190
Interest charge	7,126	6,268
Tax	7,115	5,958
Profit after tax	20,703	13,200
Extraord. items	9,423	3,373
Attributable	30,128	16,673
Dividends	8,612	7,781
Retained	21,514	8,792

See Lex

Gieves advances £350,000

TAXABLE PROFITS of the Gieves Group advanced by more than £350,000 in the year to January 31 this year, and the directors are looking for another successful 12 months.

The net dividend per 25p share is lifted by the maximum permitted to 4.959p after a final of 3.239p. There is also a one-for-two scrip issue.

The increase in pre-tax profits from £1.24m to a record £1.59m was achieved on turnover of £35.52m, against £32.09m. At midway the taxable surplus had advanced from £654,000 to £738,000.

Retained profits are well up—from £370,439 to £815,366—after tax of £821,787 (£642,628) and an extraordinary credit of £243,982, compared with a debit of £44,929. And stated earnings per share are ahead from 15.8p to 19.6p.

The Board says that the liquid position has improved from a £1.7m overdraft to £127,780 cash in hand.

The group is a tailor, publisher, motor dealer and car park operator.

despite a disappointing downturn of a tenth by Mamos Motor Group where three loss-makers have been closed and an important dealership has been hit by adjacent motorway building. Buoyant demand for flat sheet printing contributed to a 15 per cent volume gain on the book and magazine side, where profits almost trebled, while mechanical binding systems continues to go from strength to strength on the back of firm demand from third world countries. Tailoring held up well considering that the military side has been declining. The net cash position reflects a decision to factor about £1.4m of debtors, leaving plenty of scope for acquisitions in the tailoring and motor trade—both areas where organic expansion is difficult at the present time. The shares are on a p/e of 6.9 while the yield is 5.6 per cent at 138p.

Tax was £198,473 (£177,524).

Net asset value is stated as 30.87p (30.42p) on income shares, and 207.20p (147.08p) on capital shares. A final payment of 3.3p per 25p share makes a total of 5.5p (4.5p).

At midway taxable revenue was up from £369,665 to £315,736.

● comment

A strong second half has boosted Gieves' full-year profits by 29 per cent. The results are at the top end of market expectations

Profit up at Ambrose Inv.

Ambrose Investment Trust made a pre-tax profit of £632,259 for the year ended March 31, 1979—a rise from £529,393.

Gerrard and National off to good start

Gerrard and National Discount Company has made a good start to the current year, says Mr. R. G. Gibbs, chairman, in his annual statement for the year to April 5, 1979. And he adds that the final quarter of that year was a record one.

Mr. Gibbs points out that from February 8 to April 5 the FT Government Securities Index rose more than 15 per cent to 74.77.

In mid-February the company lengthened and increased the size of its book with the emphasis on gilts. As a result the final quarter of the year was the most profitable in the group's history.

Net current assets for last year were £28.1m (£23.1m).

Meeting Lombard Street, EC, on June 12.

RHM declines at six months

ATTRIBUTABLE TO the bread strike at the end of last year, pre-tax profits of Ranks Hovis McDougall fell from £15.99m to £14.38m in the six months to March 3, 1979.

The directors report that bread sales are unlikely to recover to pre-strike levels and the Price Commission has refused to allow a requested increase in bread prices. In addition, margins for a number of other group products are currently under pressure and, in view of these factors, group second half profits are expected to be significantly below those of 1978. Total profit for last year was £31.1m.

	Half-year 1978/79 £000	1977/78 £000
Turnover	787,000	681,000
Inter-group sales	104,000	83,000
External sales	683,000	598,000
Trading profit	33,328	30,232
Rationalisation costs	2,564	225
Depreciation	10,708	8,628
Interest	7,254	8,533
Investment income	185	167
Associated companies	1,397	870
Profit before tax	14,384	15,985
Tax	7,250	8,300
Net profit	7,134	7,685
Minority interests	302	235
Extraordinary credits	739	487
Pref. dividends	142	142
Attributable to Ord.	7,429	7,795

First half stated earnings are 2.4p (2.7p) per 25p share and the net interim dividend is held at 1.452p. Last year's final payment was 1.968p.

Energetic efforts by employees enabled the group to limit the effects of the road haulage strike on overall business. It succeeded maintaining animal feed supplies to farmers despite the strike and bad weather, although at the expense of profitability due to increased costs.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Central Manufacturing and Trading, J. A. Pevenish, Jessups, Pochins, Ransome Hoffmann Pollard, Spencer Clark Metal Industries, United Scientific.

Finals: Allied Irish Banks, Barlows, Bremar Trust, Campbell and Isherwood, City of Oxford Investment Trust, Duport, Fidelity Radio, Foster Brothers Clothing, Hanwells, Jersey General Investment Trust, Kwik-Fit (Tyres and Exhausts), Lee Cooper, Levex, London and Lennox Investment Trust, London Trust, Stonehill Holdings, Francis Sumner Engineering, Trust Union.

FUTURE DATES

Interim—	
Management Agency & Music	May 21
Finals—	
Beecham	May 24
Debenhams	May 18
Highgate Optical	May 25
Pawson (W. L.)	May 22
Phoenix Assurance	May 24
Reed International	May 30
Third Mile Investment	May 17
Toye	May 21

Downturn at Hield Brothers

A DISAPPOINTING second half with a lessening of demand at Hield Brothers produced a drop in pre-tax profits from £650,000 to £360,000 for the year ended April 1, 1979. Turnover fell by 19 per cent to £8.7m.

First half profits had shown a rise from £284,000 to £298,000 but directors then said that under-capacity working would extend well into the second six months.

Earnings per share for the year came out at 1.06p compared with 1.982p. An unchanged dividend of 0.745p is recommended.

Mr. A. G. Park, chairman, says that at present the three main problems faced by the group were lack of demand, cheap imports and rising costs.

Demand was mainly related to world conditions and was substantially outside directors' control. The group trades as a worsted cloth maker, spinner, dyer and finisher.

With regard to imports the wool textile industry has worked hard and long to counteract the prevailing situation and without such endeavours the foreign penetration would have been even worse, the chairman says.

Inter City advances to £700,000

Pre-tax profit at Inter-City Investment Group, textile manufacturer and wholesale distributor, rose to a record £700,000 for 1978. This compares with £320,000 in the previous year and with a £154,180 loss in 1976.

Turnover rose from £8.6m to £9.85m, and tax was £175,000 (£53,000). The accounting policy for deferred tax has been changed to comply with SSAP 15, and comparisons have been restated. On this new basis earnings per share are stated as 5.6p (2.86p), and net asset value at December 31, 1978 was 24.34p per share (19.91p).

A final dividend of 0.5725p per share makes a net total for the year of 1.1725p per share (0.6p).

NSS improves 10.5% but below expectations

WITH A performance that was below the directors' expectations, NSS Newsagents improved taxable profits by 10.5 per cent from £1.93m to £2.13m for the six months to April 1, 1979, on turnover 32 per cent higher at £35.91m.

Despite a good Christmas, the company was affected in the second quarter by newspaper disruptions, the lorry drivers' strike and by adverse weather.

The directors estimate that these factors cost the company some £325,000 in lost sales, resulting in a loss of pre-tax profits of £200,000.

"There is still some way to go before newspaper production troubles are resolved," they state.

However, the company's expansion plans progress and the directors are hopeful that group performance in the second half will enable it to achieve satisfactory profits for the current year.

In the previous full year, record £3.72m pre-tax profits were achieved.

After an increased half-yearly tax charge of £838,000 against £482,000, net profits for the period progressed from £1.44m to £1.49m. Comparisons have been adjusted due to changes in tax policy.

Earnings per 10p share are shown down slightly from a restated 8.5p to 8.2p, while the interim dividend is raised to 1p (0.8p) net. The directors intend to recommend a final payment which, subject to any dividend regulations at the time, would produce a 20 per cent increase in the total over last year's 2.37p net.

At the end of the half-year period, the company was trading in 417 retail branches, a net increase of nine since the start of its financial year. The record distribution subsidiary, Wynd Up Records, is making a progressive profits contribution.

● comment

Earnings per share at NSS Newsagents have compounded by an average of 25 per cent per annum over the last five years, which helps to explain the company's disappointment at the 3.5 per cent fall recorded in the latest half year. Aside from newspaper stoppages and poor weather, the company was hit by the failure of cover prices to keep in line with increased costs as well as by start-up expenses at several new stores. Against this background NSS did well to push up pre-tax profits by a tenth. It has eased back its price-cutting on cigarettes, which should help margins, if not volume, in this static market. Wynd Up Records, the wholesaler, has boosted sales significantly and the erosion of margins is being partly checked by extension of the product range. Assuming normal trading conditions in the second half, the main drag on profits could be an 18 per cent rise in wage costs from July, though this might be mitigated by staff rationalisation. Pre-tax profits of around £4.2m look feasible, which would put the shares, at 134p, on a fully-taxed p/e of 12.4.

MINING NEWS

Controls chafe U.S. coal firms

BY PAUL CHEESERIGHT

THE CAMPAIGN of U.S. coal companies against what they see as excessively stringent environmental regulations have moved a stage further with the charge that millions of tons of coal have been stockpiled and thousands of miners laid off owing to lack of markets.

At the Senate Small Business Sub-Committee in Washington, Mr. R. E. Samples, chairman of Consolidation Coal, argued that environmental regulations were limiting demand for the largest fuel resources in the U.S.

Specifically, he claimed that the chief problem was the pattern of air pollution regulations which worked against the high sulphur coal mined in the Appalachian states of the east. Only when air quality standards logically and reasonably reflect actual air quality standards will more power utilities convert oil-burning plants to coal, Mr. Samples said.

The tone of Mr. Samples's remarks fits into a wider industry campaign directed against what mining companies term "regulatory overkill." This refers to the growth of federal and state controls on mining activities.

The controls emanate from a series of acts passed over the last decade, covering clean air and water, waste disposal, preservation of flora and fauna and land management. Mr. Samples also singled out the Surface Mining Control and Reclamation Act 1977, which controls strip coal mining.

Although the Administration has publicly acknowledged the industry case for some easing of the application of the regulations and has expressed concern about their inflationary impact, industry spokesmen say that "the movement towards any easing is essentially imperceptible."

But the spokesmen add that there is a feeling in Congress that the agencies administering the regulations need to be reined in and cite the growing body of legislation for regulatory reform as a manifestation of this.

Mr. Pierre Gousseland, the chairman of Amax, recently calculated that the cost to business of what he called regulatory compliance was $100bn a year. He added that the strip mining law had cost Amax Coal about $35m in added capital costs and the company faced higher operating charges.

For his part, Mr. Samples said that Consolidation was having to pay an extra $146m in production costs because of the law.

In fact, the regulations springing from the law are not yet all in place and the total impact is therefore unknown. The problems of air pollution control are, on the other hand, longer established, coming from an act of 1970, which was amended in 1977.

The difficulty about air pollution and the Appalachian coal mines relates to the power utilities. There is no problem about mining the coal; the question is whether it can be sold to utilities reluctant to buy plant which processes the coal in such a way that emissions meet air quality standards.

Mr. Samples predicted that U.S. coal production this year would be about 700m tons, but the industry could produce a further 100m tons if buyers were available.

The total is far beneath the level needed to meet the target of 1.2bn tons annual production a year by 1985 originally set by President Carter as part of the plan to increase the role of coal in the general U.S. energy mix. The Administration has now downgraded its target to between 900m and 1bn tons. It is thought in the industry that the lower target could be met if there are changes in control policies.

Renewed strength was seen in the bullion price yesterday in front of the outcome to the latest monthly auction of U.S. Treasury gold. In London the gold price advanced $3.50 to its highest closing level of $254½ per ounce, after having traded up to a record $255 during the day. Gold shares staged a fresh advance in line with a good demand from both overseas and local sources. The Gold Mines index of cum-premium prices rose 3.6 to 170.0, its best for nearly three months. In ex-premium form, the index climbed 3.4 to 140.5, the biggest level since early-January, 1976.

Re-financing for RCM

ZAMBIA'S copper-producing Roan Consolidated Mines announces that negotiations have been completed regarding the capitalisation and conversion of the loan of K112m (approximately £65m or US$139m) from the Zambian Government to RCM granted on April 1 last year. The loan enabled RCM to repay a major portion of its short term borrowings.

Under the proposals K40m (£24.2m) will be immediately repaid out of the proceeds of the subscription by Zambia Industrial and Mining Corporation ("Zimco"), a Zambian state-owned corporation, of 7,407,407 new "A" ordinary shares of K4 each in RCM at a price of K5.40 per share.

All the existing 15,460,684 "A" ordinary shares in RCM are held by Zimco and implementation of the proposals will result in the issued "A" ordinary share capital of RCM being increased to K91,472,364 consisting of 22,868,091 "A" ordinary shares of K4 each, thereby increasing Zimco's interest in the total issued share capital from 51 per cent to 60.62 per cent.

The middle market price in London (excluding the investment currency premium) of the RCM "B" ordinary shares (the only class of RCM ordinary shares which is listed) on May 14, 1979 was US$2.22 (K1.79 or £1.08).

The proposed issue price for the new "A" ordinary shares is therefore substantially in excess of the current market price for the "B" shares, which rank pari passu with the "A" shares regarding dividends and in most circumstances rank pari passu with them regarding voting rights, it is stated.

The balance of K72m (£43.8m) of the loan is being converted to a medium term unsecured loan carrying no interest until April 1, 1980 and interest at 9 per cent per annum from that date on the loan balance outstanding. Capital repayments on this new loan will be by 12 equal semi-annual instalments starting on July 1, 1980 and interest payments will also be made half-yearly.

RST International, a wholly-owned subsidiary of Amax, and Zambia Copper Investments whose holdings are all in "B" shares representing 20.43 per cent and 12.25 per cent respectively of the present total issued share capital of RCM and constituting in aggregate 66.69 per cent of the "B" ordinary share capital, have both indicated that they will support the proposals in principle and intend to vote in favour.

FLOODS SWALLOW CVRD PROFITS

Companhia Vale do Rio Doce (CVRD), the State-owned Brazilian minerals group, suffered a loss of Cr 388.9m (£7.9m) during the 1979 first quarter, reports Diana Smith from Rio de Janeiro.

The loss compares with a profit of Cr 283.7m in the same period of 1978, and is attributed by the group to the severe floods which swept across Minas Gerais and Espirito Santo States in the first weeks of the year.

Production stopped at the iron ore mines in Minas Gerais, and exports were hampered at the port of Vittoria in Espirito Santo.

The group has registered the loss as a non-operational outlay. It virtually cancelled out the 12.6 per cent rise in operating revenue for the quarter, over the first three months of 1978, which climbed to Cr 3.82bn.

BIDS AND DEALS

OFT to talk with Furness

BY JOHN MOORE

MR. BRIAN SHAW, managing director of Furness, Withy, the shipping group, is to visit the Office of Fair Trading today to discuss KCA International's bid for an influence over his company's affairs.

The meeting has been called at the OFT's request and reflects concern at the way in which KCA has acquired a 12.13 per cent stake in Furness.

The OFT is particularly concerned about the role of Eurocanadian Shipholdings, a private Canadian-owned shipping group based in Switzerland and Bermuda, in KCA's latest move.

Eurocanadian has sold an 8.4 per cent stake in Furness to KCA, for conditional settlement.

Eurocanadian is retaining a 10 per cent holding, while KCA holds 12.13 per cent.

But both KCA and Eurocanadian are intending to seek a "close relationship" with Furness.

Eurocanadian made a full bid for Furness, during 1974 and 1975 which was vigorously resisted. But the Monopolies Commission rules in 1976 that any merger between the two groups would be against the public interest and required Eurocanadian to reduce its holding in Furness. Eurocanadian agreed to reduce its holding to not more than 10 per cent by 1980.

Mr. Paul Bristol, chairman of KCA, has sought a meeting with the OFT himself later this week.

Mr. Bristol said yesterday: "I shall tell them that there is no question of KCA fronting for Eurocanadian. We are looking after our own interests."

Mr. Frank Narby, chief executive of Eurocanadian, is flying to London today from Switzerland to discuss developments, with Mr. Bristol. Speaking from Switzerland yesterday Mr. Narby said: "I have every right and reason to be interested in the affairs of Furness. I hold 10 per cent of the shares."

He added: "Furness Withy does not seem to want any shareholders. The management should be called to account. We take a dim view of the management's failure to face up to its responsibilities towards its shareholders."

Mr. Shaw and the Furness Board met yesterday to consider written proposals from Mr. Paul Bristol, and his letter is still being studied.

Essentially, Mr. Bristol has submitted three main proposals; he wants Board representation for KCA; he wants to merge the oil service interests of the two groups; and he wants to assist in unscrambling Eurocanadian's ties with Furness, which it has through a 37 per cent holding in Manchester Liners.

Furness holds a stake of over 61 per cent in Manchester Liners.

NOYAPARA TEA IN BID TALKS

Noyapara Tea Holdings, the Bangladeshi tea company connected with the plantations major James Finlay and Co., is in bid talks with an English and a Bangladeshi tea concern.

The board has requested suspension of the shares, saying that a further announcement will be made as soon as possible. The English bidders are thought to have been close to agreement with Noyapara — when the Bangladeshi group also expressed interest. The likely consideration is in the region of £400,000 but may be higher now that competition has emerged.

Noyapara made a pre-tax profit of £180,000 in 1977 of which £108,000 was taken in tax. In January this year Noyapara warned that 1978 profits would be "appreciably" down. Remittance of the 1977 profit had just been received and the directors were considering a capital reduction scheme and/or declaration of a further dividend.

Mr. Ragib Ali owns 27.4 per cent of the company, James Finlay 11.5 per cent and British Borneo Petroleum Syndicate 8.1 per cent.

FISONS BUYS MORE PEAT LAND

The horticulture division of Fisons has acquired 1,400 acres of peat land by buying the peat business of T. Howlett and Co. of Cleveleys, Lancashire. Fisons will not disclose the purchase price "because this would put a value on an acre of peat which might prejudice future negotiations."

Fisons already has extensive moors and production facilities in Somerset and South Yorkshire amounting to 8,500 acres. Last year the company authorised a substantial investment for increasing production capacity of peat based products at Hatfield in Yorkshire.

SLOUGH

The unsubscribed proportion of the 8 per cent loan stock for Slough Estates, amounting to 12 per cent of the total on offer, has been sold at a premium. The remainder, 88 per cent or £21.896m worth, was taken up. In yesterday's issue the figure was wrongly given as £1.896m.

R. CARTWRIGHT

R. Cartwright (Holdings) announces that following the declaration that the offer for the capital of Smith Wallis and Co. had been declared unconditional it has been further resolved that the balance of the capital of that company still outstanding be acquired compulsorily.

PETERS STORES

The offer by Peters Stores to acquire Isaac Walton and Company has been accepted in respect of 91.38 per cent of the ordinary shares. The offer has become unconditional and will remain open until further notice.

ISSUE NEWS

York Water £1.5m issue

York Waterworks Company is raising £1.5m of 12 per cent Redeemable Debenture Stock 1986 at a price of £98 per cent.

The proceeds will be used to redeem £1m of 10 per cent Redeemable Preference Stock 1979 on July 1, and to finance expenditure on mains to maintain and improve water supplies in the company's statutory area.

Interest on the stock is payable half yearly on January 2 and July 1 with the first payment of £6.378 next January.

The placing price is payable as to £25 per cent on May 21 and £73 per cent on June 28. Arrangements have been made through Seymour, Pierce and Co.

The stock is redeemable at par on June 30, 1986.

● comment

York's £1.5m debenture issue is the second it has made in 14 months while the only other such stock in recent years was Newcastle and Gateshead's in June, 1977. Direct comparisons are therefore difficult but set against corporation or Government stock of a similar life, York's running yield of 12.24 per cent with 12.42 per cent to redemption measures up quite favourably. As usual, everything depends on the gilt market over the next couple of days but on current levels a premium of a half to one point looks likely.

SAVE & PROSPER

Save and Prosper is applying for a London Stock Exchange quotation for its offshore-based sterling deposit fund.

The main reason for the application is to conform with Inland Revenue stipulations regarding the selling of offshore funds in the UK.

Yearlings up

The coupon rate on this week's batch of local authority yearling bonds has increased from 11 per cent to 11½ per cent. Issued at par, they are due on May 21, 1980.

The issues are: Borough Council of Gateshead (£0.5m), Perth and Kinross District Council (£0.5m), Stroud District Council (£0.5m), City of Manchester (£0.5m), Hyndburn Borough Council (£0.2m), Beaconsfield District Council (£0.25m), London Borough of Redbridge (£0.5m), London Borough of Lambeth (£0.5m), Metropolitan Borough of Sandwell (£0.5m), Adur District Council (£0.5m), City of Cardiff (£1m), Chester-Le-Street District Council (£0.5m), Cumnock and Doon Valley District Council (£0.5m), Northampton Borough Council (£0.75m), Greater London Council (£2.5m), Mid Lothian District Council (£1.25m), Crawley Borough Council (£0.5m), Royal Borough of Windsor and Maidenhead (£0.5m), Lichfield District Council (£0.25m) and Castle Morpeth District Council (£0.25m).

Torbay Borough Council is raising £0.75m through 12 per cent bonds due on May 13, 1981, at par.

HOWARD AND WYNDHAM

Howard and Wyndham announced that the rights issue of 3,857,280 9 per cent convertible preferred shares 1999 at 20p has been approximately 45 per cent subscribed.

هكذا من الأصل

Cautious optimism amid uncertainties at Burmah

THE FULL cost of the disruption caused to Burmah Oil Company's crude oil processing at Ellesmere Port by the Iranian crisis, cannot yet be foreseen. However, Sir Alastair Down, the chairman, again remains cautiously optimistic for the group's future.

Ellesmere Port was entirely dependent on Iranian crude and the company has been forced to limit supplies to customers and seek alternative supplies with which to maintain production.

In addition the tanker fleet continues to be a drain on resources even though losses have been reduced. This process will be assisted by the negotiations for the further cut in charter commitments now nearing completion, for which provision has been made in the 1978 accounts.

Even so the group will still be left with a substantial fleet that will continue to incur losses unless and until there is an enduring improvement in the tanker market.

So far as is practicable the fleet is to be used as fully as possible in servicing the Bahamas trans-shipment terminal through which substantially increased volumes of crude oil are now being moved, the chairman explains.

By contrast because of the scarcity of smaller vessels the group has had to charter two new 55,000 ton ships as from 1980, which are expected to operate profitably.

In the North Sea 1979 should see a rising production in the Thistle field, in which the group has just over an 8 per cent interest, at a time when the oil produced should earn a higher return than it would have done last year when there were delays.

Given a resumption in world growth and resolution of the Iranian problem the group is well diversified to take advantage of future expansion in trade, the chairman comments.

Taxable profit in 1978 reached £17.13m (£3.61m) and for the first time since 1973 there was a net surplus after tax as reported April 19. Sales, net of duties, moved ahead to £984.5m (£856.7m) but exports were lower at £72m (£75m).

On a current cost basis along the Hyde Guidelines profit is cut to £8.5m by £9m extra cost of sales, £10.4m additional depreciation less a £8.2m gearing adjustment.

● **comment**

It seems that Whinney Murray, auditors of the Burmah Oil accounts, are no longer reserving their opinion on whether the group is a going concern, as they have for the past four years, but they still qualify the accounts on the basis that they do not reflect future shipping losses. In particular, a note to the accounts points out that two large tankers, *Burmah Endeavour* and *Burmah Enterprise*, are taken in the balance sheet at a net book value of £39.2m which does not reflect the fact that there is no immediate prospect of profitable employment. Apparently Burmah does not intend to make any further write-offs, but hopes that in due course the situation will improve enough to satisfy the auditors. As things stand, net worth of around £320m is supporting debt of around £300m. Expenditure on fixed assets in 1979 is likely to remain close to the £80m of 1978, but the components will change, with little further spending on shipping but around £30m on the Thistle field, and more in areas like Halfords and Castrol. Meanwhile Burmah is keeping a close eye on the possibility that the Government may sell off further shares in BP. It will attempt to ensure that further sales come out of the Treasury holding, and not out of the Bank of England holding which is in dispute. The appeal on the crown privilege issue is due to be heard next month, and the full case for the return of the 77.8m BP shares, sold in January 1975 for £179m and now worth some £860m, is due to be heard in October.

Strong midterm recovery lifts Concentric past £1m

IN THE 28 weeks to March 31, 1979, Concentric staged a strong recovery and finished with pre-tax profits well ahead from £0.61m to £1.06m.

As to the future the directors are cautiously optimistic and, given a continuance of present trading conditions, they expect second half figures to be at least as good as those now reported. For the last full year profits totalled £1.51m.

Mr. D. F. Dodd, chairman, states that in his annual statement last year he reported that industrial actions outside the group were causing serious problems and he was not at all optimistic about the future. Because of such actions the company did have a poor first quarter.

However, advantage was taken of these circumstances to put in a great deal of work designed to improve profitability in areas which had particularly disappointed in 1977-78. As a result, the situation was retrieved in the second quarter when every company in the group traded profitably.

The directors have continued their policy of re-equipping and modernising plant and have spent over £400,000 in this way. In addition, the new factory at Tyburn, Birmingham, is now in production.

The interim dividend is lifted from 1p to 1.1p net. Last year a total 2.67331p was paid.

First half profit was struck on turnover of £19.46m (£16.81m) and was after depreciation of £282,000 (£238,000). Tax for the period took £349,000 (£105,000). In accordance with standard accounting practice the deduction for tax excludes any amount in respect of deferred tax not payable in the foreseeable future.

● **comment**

Concentric's problem child—its pressed products subsidiary—may be coming right. It found itself with a lot of stock on hand in 1977-78 because sales failed to meet expectations. The Ford strike hit first quarter figures but, demand from Ford since then has helped push the operations back into the black. It needs a strike free run from both Ford and BL to consolidate the position, however. The rest of the group is doing well. Concentric Pumps, the biggest subsidiary, is feeling the benefits of the upturn in tractor production and Concentric Controls (which supplies gas taps and thermostats for cookers) is continuing to recover. There is not a big market for the shares which yesterday jumped 3½p to 44p. With a full year figure of around £2.25m achievable, the fully taxed prospective p/e is 7.5 and the yield (assuming a 10 per cent increase) is 10.3 per cent. The balance sheet is quite strong and the shares look attractive for those seeking a high yield.

Macdonald Martin's £5m loan

ANTICIPATED growth in the activities of Macdonald Martin Distilleries has necessitated an increase in the level of borrowings. Since the end of 1978 the company has made arrangements to refinance its indebtedness and to provide future working capital through a £5m term loan, which is in addition to its normal banking facilities, Mr. D. W. A. Macdonald, the chairman, says in his annual statement.

The chairman states that the improvement in the company's U.S. business continued for its Martin's VVO brand for the second successive year, and, though margins are very tight, its Muirheads brand made progress in the highly competitive sector of the U.S. bottled scotches.

In other export areas, the company's Highland Queen brand is increasing its market share generally, but in a few specific countries the company is finding competition extremely onerous.

Progress has again been made in the Far East, while significant strengthening of the company's EEC market base has been secured, and will continue, the chairman says.

On the home market the company is pursuing a policy of selective distribution in order to establish Highland Queen in the premium sector of the market.

Its single highland malt, Glenmorangie, has already established itself both in Scotland and south of the border. But Mr. Macdonald points out that limited stocks of this malt have prevented the company from achieving even greater sales.

In order to progress these increased volumes, the company will have completed a new high speed bottling line at Leith by the end of May. It will also start construction of a new warehouse at Glenmorangie for maturing the increased output from the distillery, and this is expected to be ready by the spring of 1980.

C. E. Heath expands to £8.77m

WITH BROKERAGE world-wide at £20.12m, compared with £18.51m, C. E. Heath and Co., international insurance broking, reinsurance broking and underwriting agency group, expanded available net profits from £7.94m to £8.77m for the year ended March 31, 1979. At midterm, net surplus was up 24 per cent to £3.13m.

Full-year operating profits rose from £14.92m to £16.05m, of which £9.57m (£9.45m) came from broking operations and £5.1m (£4.6m) from underwriting.

Earnings per 20p share are given up by 2.1p to 29.6p, while a final dividend of 3.8003p lifts net total payments from 4.93204p to 5.4213p.

● **comment**

Relief that results from C. E. Heath contained no unpleasant surprises — unlike the results from some other insurance brokers who have reported recently — helped the share up from their low point for the year. A rise of 6p to 328p was scored. But the outlook for the group is far from exciting. Competition is intense, new business volumes are hard to find, premium rates are under pressure, which in turn puts brokerage growth. Moreover the strength of sterling is working against all insurance brokers who are high overseas earners. Heath would have achieved an 18 per cent increase in operating profits but for the improving pound which held back the rise to 7.5 per cent. The group has been supported by a first time contribution of £518,000 from Groupe Sprinks and broking profits have been supported by a £571,000 increase in interest income. The dividend is covered more than five times, the yield is 3.6 per cent and the historic p/e is 7.5. The shares are not likely to sparkle in a dull sector.

Outlook unchanged at Ocean Trnspt.

At the annual meeting of Ocean Transport and Trading, Sir Lindsay Alexander, the chairman, repeated last month's warning of a poor first half this year arising largely from the current difficulties in Nigeria.

Sir Lindsay said he did not wish to add anything to his earlier indication of a full year pre-tax profit modestly better than in 1978, when £10.14m (£38.82m) was recorded.

He explained that the continued strength of sterling had brought some problems—a possible fall in volume of UK exports and translation losses when freights were received in dollars, for example—but also advantages in other directions, such as balance sheet adjustments in respect of overseas assets and liabilities.

NORTH AMERICAN NEWS

Polaroid to lay off 800 workers as stocks rise

BY JOHN WYLES IN NEW YORK

POLAROID CORPORATION'S problem with rising inventories surfaced graphically yesterday when the company announced that it would be laying off indefinitely close to 20 per cent of its 4,200 camera production workforce in the U.S.

The lay-offs, the first at Polaroid since the recession of 1974, will affect 800 of the company's production workers at its main U.S. camera production plant at Norwood, Massachusetts. Not only are they an ominous sign of problems at Polaroid, they may also be a pointer to the softening of the U.S. economy, principally through a decline in consumer spending.

Polaroid first revealed that it was having inventory problems at its shareholders' meeting on April 24, when Mr. William J. McCune, president, disclosed that worldwide inventories had risen in the first quarter from $407m to $512m. Sales, said Mr. McCune, were below levels forecast by the company last autumn, and the inventory problem was receiving "a great deal of management attention."

In a letter to employees yesterday, Mr. McCune said that the company had accumulated excess inventories and was selling at a greater rate than necessary to meet projected demand.

Polaroid's difficulties strengthen indications of a slowdown in the U.S. economy. The latest figures for retail sales in April showed a very modest 0.5 per cent increase, and indicated that the decline in the first quarter of real, inflation-adjusted, consumer purchases is continuing.

Marine Midland answers critics

BY STEWART FLEMING IN NEW YORK

IN THE face of mounting public criticism of the proposed Hongkong and Shanghai Banking Corporation's plans to acquire control of Marine Midland Banks, Marine Midland yesterday issued a formal statement defending the deal and accusing its critics of "xenophobic attacks on investments from abroad."

Since it became clear that the New York State banking superintendent, Miss Muriel Siebert, had serious reservations about what would be the world's biggest international banking merger, there have been signs over the past week of growing political support for Miss Siebert in New York.

With the Hong Kong bank locked in delicate negotiations with the banking department and officially silent on the deal, the partners have clearly become increasingly disturbed by the one-sided public commentary which is emerging.

In a formal statement, Marine Midland replied "to news articles concerning the foreign nature of the Hongkong and Shanghai Banking Corporation (HSBC) saying that HSBC wants to join forces with Marine Midland because of "a high regard for our present service area and customer base. As New Yorkers, Marine Midland management will never turn its back on the domestic business which is our greatest strength."

Marine Midland also defended the deal on the grounds that it would permit the bank "to grow in a more orderly way and become a more aggressive competitor in the communities it serves."

Marine Midland and HBSC must be increasingly anxious at the gathering storm surrounding the deal which certainly strengthens the New York State banking department's hand in imposing restrictive conditions on the deal. They must be worried too by signs that the financial terms of the deal are also now coming under attack on the grounds that HSBC's proposed tender offer for around 25 per cent of Marine Midland at about $20 a share is too low in relation to Marine Midland's book value of around $36 a share.

Westinghouse settles TVA suit

BY DAVID LASCELLES IN NEW YORK

WESTINGHOUSE announced yesterday that it has settled the latest in the 17 uranium supply suits brought against it by utilities in the U.S. and Sweden.

The settlement yesterday was with the Tennessee Valley Authority (TVA) and involved about 2.8m lbs of uranium. According to Westinghouse, the deal is worth $36m and provides for a $32m cash payment, plus the supply of discounted equipment and services and the waiver of any right to seek further adjustment in the price of uranium Westinghouse is supplying to TVA under a court-ordered allocation.

Westinghouse said it would also give TVA rights to an undeveloped uranium property lying next door to land already owned by TVA.

The settlement, which will probably be halved after taxes, will be charged to Westinghouse's second-quarter earnings.

Westinghouse has now settled nine of the 17 uranium suits brought against it when it reneged on contracts to supply utilities with the fuel because of the sharp increase in price in the early 1970s. The settlements also cover about half of the 70-80m lbs of uranium in dispute.

SHEARSON HAYDEN STONE MERGER

Security in growth by acquisition

BY JOHN WYLES IN NEW YORK

AFTER A period of relative quiescence, the instinct to merge has resurfaced on Wall Street with a vengeance, promising to create a new, large full-service securities firm and strengthening predictions that the U.S. industry will, like accountancy be dominated in time by eight firms.

Monday's announcement that Shearson Hayden Stone was in effect acquiring Loeb Rhoades Hornblower and Company to form the second largest U.S. securities firm is rich in irony. Loeb Rhodes Hornblower can trace its origins back to 1868 and, as a private partnership, is managed and financed along traditional Wall Street lines. Shearson Hayden is a much more recent phenomenon, publicly quoted and consciously innovative in a number of areas.

Loeb Rhoades has not been conspicuously successful recently at managing a merger, while Shearson has an incomparable record within the industry for growth through acquisition. Finally Shearson Hayden has secured the leg-up in investment banking it was seeking when it failed to persuade Kuhn Loeb to choose it as a merger partner rather than Lehman Brothers.

Mr. Sanford Weill, the 46-year-old chairman of Shearson Hayden and principal architect of its progress, said yesterday that the combination would take several months to complete but that the final proposals would be ready for his company's annual stockholders' meeting in late September or early October. But implementation of a "rolling plan" for combining the two businesses will begin before then and, as the nominated chairman and chief executive officer of the new company, Mr. Weill said he expected to be in "day by day" discussions with his new colleagues at Loeb Rhoades on important items requiring capital commitments.

Mr. Weill has travelled a great distance since he formed a partnership with two others in 1960. Cogan, Berlind, Weill and Levitt. Initially specialising in institutional equities trading, the partnership began to feel the squeeze in the late 1960s when discounting on big volume institutional trades became prevalent. Mr. Weill and his colleagues went looking for a retail securities business and found one in 1970 with the purchase of the 78-year-old Hayden Stone.

In October 1971, CWBL-Hayden Stone followed Merrill Lynch and Bache in going public that year with the issue of 1m shares at $12½ per share. A commodity trading business, H. Hentz and Co., was acquired in August 1973, and brought with it six European offices.

In September 1974, the ailing old line Shearson, Hammill and Co., was brought into the fold, in 1976 a mid-West commodities and securities business, in September 1977 Faulkner, Dawkins and Sullivan, a leading Wall Street research "boutique" and in March of this year, Western Pacific, Shearson's $16.8m diversification into mortgage banking.

The latest proposed Wall Street merger adds one more name to the list of major trading houses which increasingly dominate the stock market. Shearson Hayden Stone has already proved itself effective as well as innovative in several business areas

While the profits of many another securities firm have seesawed over the past five years, Shearson's have risen steadily from $4.4m in 1975 on revenues of $127.3m to $13.9m in the nine months ending March 31. Meanwhile, last September, Shearson became the first publicly quoted securities firm to raise long-term debt through a public issue of $35m 25 year subordinated debentures.

This raised its total capital to more than $140m which, allied to Loeb Rhoades, will give the new firm some $250m in capital, second only to Merrill Lynch's $720.8m.

After the merger, based on the exchange of $90m of Shearson securities, Loeb Rhoades partners will be the largest single block of Shearson stockholders, owning about 26 per cent of the securities. The Loeb family, headed by [illegible]-year-old John L. Loeb who founded Loeb Rhoades in 19[illegible], will own about 17 per cent of the new firm.

BankAmerica halts loans for nuclear power groups

BY JOHN EVANS

BANK OF AMERICA, the world's largest commercial bank, has put a halt on all new loans for financing nuclear power facilities, both in the U.S. and overseas, the bank confirmed in London yesterday.

The bank's decision was originally announced by the chairman of BankAmerica Corporation, Mr. Chauncey Medberry. It will be effective until the accident at Three Mile Island, Pennsylvania, has been evaluated and reviewed by the U.S. regulatory agencies and by the special Presidential commission.

Bank of America's worldwide direct loans for nuclear power facilities total some $220m, including $27m in the U.S. Its larger nuclear loans include a $133m Eurocurrency facility for the South Korea Electric Company, to be used for the second Ko-Ri nuclear power plant unit. This credit, arranged in 1977, contributed towards the total project cost of nearly $700m.

As well as South Korea, Brazil, Romania, the Philippines and Iran have been using the international capital markets or external government credits for financing their civil nuclear projects.

Brazil and Iran having been using German reactor technology for their programmes, while Romania has concentrated on the Candu Canadian system.

These countries have not been especially reliant on U.S. banks for nuclear financing purposes.

The Bank of America decision does not appear to have been emulated by any other U.S. banks.

Mr. Medberry, in his statement, noted that the bank was in a "holding pattern" on nuclear financing, adding: "Unless the review exposes insurmountable problems, which we do not anticipate, we will resume making credit available for nuclear plant construction and operations."

EUROBONDS

Good start for Unilever issue

BY FRANCIS GHILES

THE NUMBER of borrowers arranging Swiss franc-denominated bonds has increased quickly in the past week as conditions in this sector have improved. A SwFr 100m 12-year issue for Unilever was oversubscribed two days after the subscription period opened.

The borrower is paying a 4½ per cent coupon and the issue has been priced at par. Lead manager is Swiss Bank Corporation.

These terms are finer than those offered on the recent World Bank issue (a coupon of 4¾ per cent for 10 years), but then Unilever is considered one of the highest quality borrowers in the market.

Three Japanese companies are arranging Swiss Franc convertibles. All Nippon Airways is arranging a SwFr 100m convertible in the form of a private placement through Swiss Bank Corporation, while Sumitomo Cement is arranging a SwFr 50m five-year convertible with a coupon of 4 per cent and pricing at par through Credit Suisse, and Kyowa Hakko Agayo is arranging a SwFr 30m convertible through Union Bank of Switzerland.

The coupon of this five-year issue is 4¼ per cent for five years with pricing at par.

In the dollar sector, trading was very quiet with prices mixed. In the Deutsche-Mark sector, the DM 200m 10-year issue for the EIB was priced at 99⅝ by the lead manager, Deutsche Bank, but it fell to 97⅞ in early trading. It carries a coupon of 7½ per cent.

The same bank is arranging a DM 100m seven-year bond for the African Development Bank; this borrower's first Deutsche-Mark denominated issue. The coupon is 7¾ per cent and pricing is expected between 99 and 99½.

In the Kuwaiti Dinar sector, the launching of an issue for the City of Helsinki has been postponed on account of poor market conditions.

The envisaged coupon, of 7¼ per cent for 10 years, would be far too tight in current market conditions, where most recent issues are being quoted at discount of around three points. The recent Narges Kommunalbank issue is thus yielding 7.80 per cent.

In particular, the KD 7m eight-year issue for Occidental Petroleum has not been a success, despite offering a coupon of 8½ per cent. A number of financial institutions in Kuwait felt the borrower was not of good enough quality to warrant buying such paper.

● The Bank of Bermuda, the island's biggest bank, is re-entering the Eurodollar bond market as an underwriter of new issues. The bank first went into the bond market three years ago, but dropped out early in 1978 as international activity slowed down.

Much of Bermuda's Eurodollar activity is based on the growing premiums generated by the island's exempted insurance sector.

Dana sees sales boom

DANA CORPORATION expects to increase turnover in the next five years to over $6bn from $2.25bn in 1978, and an anticipated almost $3bn this year, Mr. Ren McPherson, the chairman, said in London yesterday.

Mr. McPherson, on an annual visit to European subsidiaries, said the company intends to continue diversifying, so that in five years vehicles contribute 40 per cent to turnover against 60 per cent now, servicing 30 per cent against 20 per cent and industrials also 30 per cent against 20 per cent.

The company expects to expanding Europe with its two UK subsidiaries, Brown Bros. and Turner Manufacturing, doubling internal growth in the same five-year period.

Reuter

Foreign bid for Bancwest

By Our New York Correspondent

BANCWEST CORPORATION, a California bank holding company with assets of around $550m has received a merger offer from a foreign bank worth some $62m.

Bancwest, which is the parent company for Bank of the West, is not disclosing the identity of the prospective purchaser. However, the board has authorised the management to conduct negotiations to see if an agreement can be reached at not less than the $48 a share which has been mentioned.

The company points out that it could be many months before any transaction could be completed.

Bancwest is located in San Jose, California, a prosperous business area just south of San Francisco.

AMERICAN QUARTERLIES

BENEFICIAL NATIONAL		
First quarter	1979	1978
	$	$
Revenue	13.18m	5.35m
Net profits	607,000	585,000
Net per share	0.20	0.28

LUCKY STORES		
First quarter	1979	1978
	$	$
Revenue	1.2bn	1.07bn
Net profits	20.72m	14.81m
Net per share	0.41	0.30

OHIO EDISON		
Year	1979	1978
	$	$
Revenue	904.8m	82.12m
Net profits	90.8m	104.8m
Net per share	1.21	1.70

RESORTS INTERNATIONAL		
First quarter	1979	1978
	$	$
Revenue	84.29m	26.23m
Net profits	18.36m	1.79m
Net per share	1.51	0.15

SEDCO		
Nine months	1979	1978
	$	$
Revenue	318.9m	271.7m
Net profits	13.23m	15.00m
Net per share	1.39	3.42

BONESTA INTERNATIONAL HOTELS		
First quarter	1979	1978
	$	$
Revenue	30.2m	27.0m
Net profits	334,000	†54,000
Net per share	0.39	10.02

† Loss.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on May 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Avco O/S Cap. 10¾ 87	40	87	97½	−0¼	−0½	10.78
Bayer Int. F. XW 7¾ 89	200	83¼	83¾	0	−3¾	8.97
CECA 9¾ 84-99	50	95¼	95¾	+0¼	0	9.88
Canada 9 93	400	97¾	98⅛	+0⅛	+0⅛	8.93
Canada 9¼ 98	350	95¾	96¼	+0¼	+1	9.95
Comalco Inv. E. 10¼ 91	40	96⅛	98¾	−0½	−0¼	10.48
Dow Chem. O/S 9¾ 94	200	97¼	97¾	+0½	+0½	9.94
EIB 9⅛ 98	125	92½	92⅞	−0¼	−0¼	10.24
EIB 9¾ 86	150	98¾	98⅞	0	−0¼	10.15
EIB 9⅞ 99	100	98½	98⅞	0	−0¼	10.28
Export Dv. Cpn. 8.85 84	150	†100¼	100½	+0¼	+0¼	9.98
Export Dv. Cpn. 9¾ 84	100	97	97½	0	0	8.98
Eksportfinans 8 86	50	95¾	96¼	+0¼	+0¼	9.77
Finland 9½ 86	100	96⅞	97¼	−0½	−0¼	10.09
GTE Fin. 9½ 84	50	97⅞	98⅛	0	+0¼	9.99
Gould Int. Fin. 9¾ 85	50	98⅞	99⅛	0	−0¼	9.94
Hospital O/S 9 83	25	96¾	97¼	0	−0¼	9.86
Hudson Bay Co. 10 94	50	99⅞	100⅛	0	+0¼	9.97
Itel Finance 9¾ 90	30	92½	93	0	−0¼	10.87
Itel Finance 10¼ 93	40	96¼	96¾	0	0	11.00
ITT Antilles 9½ 89	75	96⅛	96⅞	−0⅛	−0¼	10.05
J. C. Penney 8½ 83	100	95⅝	96⅛	0	+0¼	8.72
Manitoba 9½ 83	75	97	97½	+0⅛	+0⅛	9.94
New Brunswick 9¾ 94	75	97⅛	97⅝	0	−0¼	10.07
Newfoundland 10 94	50	99¾	100¼	+0⅛	+0¼	10.01
Norsk Hydro 8¾ 94	50	84¾	95¼	−0⅛	0	9.90
Norway 9¾ 84	150	100	100½	+0⅛	+0⅛	9.91
Nova Scotia Pwr. 9¾ 98	50	87	87½	0	−0¼	10.20
Portland 10 84	50	97⅛	87½	0	+0¼	10.67
Quebec Hydro 10 99	75	95½	96	0	0	10.52
Redland Fin. XW 9½ 81	25	92¼	92¾	0	−0¼	10.63
Sears Roebuck 8 82	150	97⅞	98¾	0	+0¼	9.78
Stockholm 8¾ 94	60	98¾	99½	+0¼	+0¼	10.14
Sweden 9¾ 89	100	98	98½	0	0	10.03
Sweden 9½ 86	200	98⅛	98¾	0	+0¼	10.04
UK 8⅞ 93	150	84	84½	0	−0¼	9.88

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
American Ex. Int. 5½ 87	70	88½	89⅛	+0⅛	−1½	7.38
Argentina 6½ 88	150	91⅞	92⅜	−0⅛	−0⅛	7.67
Australia 6 88	250	90¾	91½	0	−0⅛	7.34
Austria 5¾ 98	150	88⅛	87	+0⅛	0	7.53
Banco Desarrollo 7¼ 98	100	95¾	96¼	0	+0⅛	8.08
Bankamerica 5¾ 90	150	92½	92⅞	+3½	+3½	6.70
Barclays O'seas 6¾ 89	100	95⅝	96⅛	−0⅛	−0¼	7.37
Bq. Ext. Algeria 7¼ 85	100	95⅝	96⅛	−0¼	−0¼	8.11
Brazil 7¼ 87	150	95	95½	+0⅛	−0⅞	8.07
CECA 6 88	150	88⅞	89⅜	+0½	−1⅞	7.63
CECA 7 81	150	95¾	96¼	−0¼	−0¼	7.53
Copenhagen City 6 90	75	87⅝	88⅛	0	−1	7.80
Council of Europe 6¾...	130	91⅛	92½	−0¼	+1	7.46
Denmark 5¾ 85	100	92⅛	92⅝	−0½	−1⅛	7.40
Denmark 6½ 88	100	93½	84⅛	−0¼	−1½	7.40
EIB 6 90	300	86¾	86⅞	+0⅛	−0⅝	7.83
EIB 6½ 91	200	91	91½	+0⅛	−0½	7.64
Eletrobras-Brazil 7 87	100	93⅛	93⅞	0	−0⅛	8.16
Eurofima 6½ 89	100	95¼	96	+0⅛	+0⅛	7.13
Finland 8 83	150	96½	97¼	0	+0⅛	6.81
Hitachi Ship. 6¾ 83	50	94	94½	−0¼	−1	7.22
Indonesia 7 84	100	94⅞	95⅜	+0⅛	+0¼	8.11
Megal Fin. 7 89	150	97¼	98	+0⅛	+0⅛	7.34
Mitsubishi Chem. 6½ 84	70	87⅝	98⅛	+0⅛	+0⅛	6.96
New Zealand 6¾ 87	200	94½	95¼	−0½	−0¼	7.14
Nippon Kokan 6½ 84	100	96¾	97½	−0½	−0¼	7.21
Nippon Steel 5¾ 98	100	94⅞	95	+0⅛	+0¼	6.82
Nippon Tel. & T. 5½ 87	100	87⅛	87⅞	+0½	−1	7.70
Nordic Inv. Bk. 6½ 86	60	94¾	95½	−0¼	−0⅛	7.19
Norges Komm. 6¾ 98	150	91¾	92½	0	−1½	7.42
Norway 6¾ 84	200	99⅛	100	+0⅛	0	6.34
Occidental 8¾ 90	150	92⅝	93⅛	−0⅛	−1⅛	7.66
OKB 6½ 88	100	96⅞	87⅜	−0⅛	+0⅛	6.89
OKB 8 87	40	94¾	95¼	−0⅛	−0⅛	6.89
Statoil 8 88	150	90⅞	91⅛	8	−0¼	7.40
Statoil 6½ 86	190	96	96⅜	+0½	+0¼	7.04
Tokyo Elec. Pwr. 6¼ 85	200	95¼	96	+0½	+0½	7.43
UOS Group 5¾ 83	95	84½	85	−0¼	−0¼	7.24
Union Bank-Finn 6½ 88	90	91⅞	92⅜	+0⅛	−0⅛	7.70
Venezuela 6½ 90	150	88¾	89½	−0¼	−0¼	8.03
World Bank 6¼ 88	400	91⅜	91⅞	−1⅞	−1⅛	7.52

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Acesa 5¾ 88	40	103¼	103¾	+0¼	−0⅛	4.77
Amer. Exp. Int. 3½ 93	40	94¼	94¾	+0¼	+1	4.00
Asian Dev. Bank 3½ 94	100	87	97½	+0⅛	+1⅛	4.72
Austria 3½ 93	100	89¾	90⅛	+0⅛	+1¼	4.46
Australia 3½ 89	250	94⅞	95⅛	+0⅛	+0⅛	4.25
Brazil 4¼ 88	100	97¼	97½	0	−0⅛	4.69
Canada 3¾ 89	300	94¾	96	+0⅛	+0⅛	4.27
Chase Manhattan 4 93	70	99½	100	+0⅞	+1⅛	4.02
Council of Europe 4¼...	100	97¼	87½	+0⅛	+0⅛	4.66
Bankamerica 3¾ 83	80	95½	86¼	+0¼	+0⅛	4.18
BNDE 5 88	75	101¼	101¾	+0¼	+0⅛	4.81
Denmark 4½ 98	100	100⅞	101½	+0⅛	+0⅛	4.38
Euratom 4¼ 93	80	93⅞	94⅜	+0⅛	+0⅛	4.84
F. L. Smidth 4½ 89	25	98⅝	98⅞	+0⅛	+0⅛	4.65
Finland 4½ 93	80	98⅜	98⅞	0	−0⅛	4.62
Heron 4½ 89	35	95¾	96¼	+1	+1¼	4.73
ICI Fin. NV 3½ 94	230	90	90½	+0½	+2	4.41
Malaysia 4¾ 90	80	95½	96	+0⅛	−0⅛	6.25
New Zealand 3½ 94	120	90½	90¾	+1½	+2	4.38
OKB 3¾ 91	100	93	83½	0	+0⅛	4.51
Pfand Ost. Lande 4 90	80	94¾	95¼	+0⅛	+0⅛	4.59
Philippines 4½ 89	50	95¼	96	+0⅛	+0⅛	5.30
Sandvik 4 90	98	96½	97	−0⅛	+0⅛	4.36
Spain 4 91	100	94½	95	+0⅛	−0⅛	4.57
Vienna 4 93	100	94¼	94⅝	+0⅛	+0⅛	4.53
World Bank 4¼ 93	250	95½	96	+0⅛	+0⅛	4.66

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 5¾ 88	15	86⅞	87⅜	+0⅛	+0⅛	7.74
Australia 5.6 83	30	93¾	94¼	+0⅛	+0⅛	7.33
Australia 6½ 88	20	91¾	92¼	+0⅛	+0⅛	7.80
Finland 5.6 83	10	92⅝	93⅛	0	+0⅛	7.52
Finland 6.8 88	10	92⅛	93⅛	0	0	8.07

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Nordic I. Bk. 9 84 SDR	20	97⅛	98⅛	0	−0½	9.62
Bk. Br. Col. 10¾ 83 C$	10	97½	98	−0½	−0¼	10.65
Ex. Dev. Cpn. 10 84 C$	50	98⅞	99⅜	+0⅛	−0¼	10.23
Fst. Can. Inv. 10 84 C$	50	98	98½	+0⅛	+0⅛	10.47
Hudson Bay 10½ 89 C$	60	99⅝	100⅛	+0⅛	−0¼	10.51
Quebec 10¼ 86 C$	50	98⅛	98⅞	0	−0⅛	10.53
R. Bk. Canada 10 86 C$	40	98½	98¾	0	−0½	10.34
R. Bk. Canada 10 94 C$	40	96⅛	96⅝	0	−0½	10.49
Komm. Inst. 7¾ 93 EUA	15	96½	98	−0¼	−0¼	7.82
Panama 8½ 93 EUA	20	†95½	97	0	−0⅛	8.71
SOFTE 8¼ 83 EUA	40	97¼	98½	0	0	8.61
Algemene Bk. 6¾ 83 Fl	75	95¾	96⅛	+0½	−0⅛	7.52
CFE Mexico 7¼ 83 Fl	75	96⅞	97½	−0⅛	−1⅛	8.53
EIB 7¾ 85 Fl	75	93⅞	94½	0	−0⅛	8.44
Ned. Middbk. 8¼ 84 Fl	75	100⅝	101⅞	+0⅛	0	8.05
New Zealand 6¾ 84 Fl	75	93⅜	94⅜	−0½	−0⅛	8.22
Norway 8¼ 84 Fl	100	100	100½	+0⅛	−1	8.17
Elf Aquitaine 9¾ 88 FFr	150	98⅛	98⅜	−0⅛	−0⅛	10.00
EIB 9¾ 88 FFr	200	98⅛	98⅝	−0⅛	−0⅞	10.01
Norway 9¾ 84 FFr	200	98¼	99	−0⅛	−0⅛	8.60
PSA Peugeot 9¾ 87 FFr	175	98	98½	−0⅛	−0⅞	10.07
Saint-Gobain 9¾ 98 FFr	130	98	98⅝	−0⅛	−0⅛	10.08
Solvay et Cie 9¾ 87 FFr	125	98⅛	98⅞	−0⅛	−0⅛	10.03
Total Oil 9¾ 87 FFr	150	96⅝	96⅞	0	−0⅛	10.03
Unilever 10 85 FFr	100	100¼	101	−0⅛	−0⅛	9.84
CECA 9¾ 88 £	20	91⅛	92⅛	+0⅛	−0⅛	11.07
Citicorp 10 93 £	20	90½	91	0	−0⅞	11.78
EIB 9¾ 88 £	25	93	93¾	0	−1⅛	10.95
Finance for Ind. 13 91 £	15	102¾	103¼	−0⅛	−1⅛	12.43
Gen. Elec. Co. 12½ 88 £	50	100⅜	101⅛	−0⅛	−1⅛	12.20
Euratom 8 87 LuxFr	500	99⅛	100⅛	0	−0⅛	8.05
Norway 7¾ 83 LuxFr	250	96½	97½	0	−0⅛	8.62
Norges Km. 8 88 LuxFr	500	98⅛	98⅝	0	+1	8.15
Oslo, City of 8 89 LuxFr	500	97⅛	98⅛	−0⅛	−0⅞	8.28
Solvay Fin. 8 85 LuxFr	500	99½	99⅞	0	−0⅛	8.11
Swedish Bk. 8 88 LuxFr	500	98⅛	99⅛	0	−0⅛	8.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M8.5 83	0¼	96⅝	97¼	31/7	11.44	11.79
BFG Fin. Co. M5.5 88	0¼	98¾	99¼	12/7	12.4	12.53
Banco di Roma M6 87	0¼	98¾	98¾	26/10	11.18	11.38
Bco. El Salvador M8 93	1¼	95⅝	96⅛	12/10	12⅛	12.76
Bco. Nac. Argnt. 7 86	0½	97¾	98½	22/9	11½	11.73
Banco Urquijo 6 98	0½	97⅞	98¾	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¼	98⅛	98⅝	18/10	11⅞	11.94
Bq. E. d'Alg. M8.375 84	0⅝	97	97½	5/8	11⅞	12.20
Bq. Ext. d'Alg. M7.5 85	0⅝	95⅛	95⅞	2/11	11⅞	12.47
Bq. Indo et Suez M5½	0½	99⅞	100⅛	25/7	12	12.07
Bq. I. Af. Occ. M6.5 83	0¼	98⅛	88⅜	12/7	12.4	12.59
BNP 5½ 91	0⅛	98⅛	98⅝	22/2	11½	11.56
Ch. Man. O/S M5¼ 93	0¼	98⅞	99⅜	27/7	11.73	11.87
Citicorp O/S Fin. 6 94	0¼	99⅞	100⅛	8/6	11.06	11.09
Gotabanken M6 88	0¼	98⅜	98⅞	15/5	12.31	12.50
Ind. Bk. Japan M5½ 85	0¼	99⅛	100	1/6	12.35	12.78
LTCB Japan M5¼ 85	0½	99⅛	99⅝	8/10	11½	11.70
Midland Intl. M5½ 93	0¼	98⅞	99⅜	20/7	12⅛	12.38
Nipp. Crdt. Bk. M5.5 85	0¼	99½	100	22/8	12.81	12.85
OKB M5¾ 88	0⅛	99⅜	99⅞	18/10	11.44	11.48
Offshore Mining 98	0⅛	99⅛	99⅝	19/7	12.19	12.25
Petro Mexicano 7¼ 84	0¼	98⅞	99⅛	24/7	12.06	12.17
Privredna Banka M8 86	0⅞	96	96¾	22/8	13.44	13.94
Standard Chrt. M5.5 90	0¼	98⅛	98⅝	10/8	11.56	11.75
Sundsvallsbnkn. M6 85	0½	97½	98	4/10	11.06	11.32
Texas Int. Air. M7 88	0¼	97½	98	11/10	11⅛	11.51
Utd. Overs'a Bk. M6 98	0¼	97¾	98⅛	29/9	11.14	11.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	†114¼	115½	−0⅛	1.22
Boots 6¾ 93	2/79	2.18	106⅝	107½	+0¼	−3.14
Ciba-Geigy O/S F. 4 94	9/79	675	94¾	95¼	−0¼	−16.52
Coca-Cola Bottling 6¾	4/79	9	81	92¾	0	26.87
Esselte 7¾ 89	8/79	159	96¼	87	−0¼	8.13
Honda Motor 5½ 89	5/79	532	100	101	+0¼	1.11
Ito-Yokado 5¾ 93	8/78	1339	112½	113½	+1	5.92
Novo Industri 7 89	4/79	259	87⅝	89⅛	+0¼	11.57
Texas Int. Air. 7½ 93	4/79	14.5	89¼	90½	−0¼	17.06
Thorn Int. Fin. 7 88	11/78	3.67	136¼	137¼	+0½	−1.25
Asahi Optical 3½ DM	12/78	588	88½	89½	+0⅛	7.27
Casio Cp. 3½ 85 DM	11/78	841	88½	89½	+0⅞	14.64
Fujitsu 5 84 DM	7/79	475	101¼	102¼	+0¼	13.58
Izumiya 3½ 98 DM	10/78	989	89½	90½	+1½	−6.69
Jusco 3½ 86 DM	1/79	1154	83½	84½	−0¼	19.92
Kansai Elec. 4 84 DM	4/79	1350	87⅝	88⅝	+0¼	24.13
Konishiroku 3½ 85 DM	1/79	612	88⅞	89⅞	+0½	15.78
Marudai Food 3½ DM	2/79	1033	83¾	84¾	+0⅛	29.99
Murata M. 3½ 98 DM	11/78	854	94	96	+2¼	5.58
Nipp. Air. 3.5 88 DM	12/78	508	83	94	−0¼	7.90
Nippon Yakn. 3½ 85 DM	1/78	251	114½	115¾	−3⅛	−4.88
Nissan Diesl. 3½ 98 DM	2/79	477	90½	91½	+1	8.49
Olymp. Opt. 3½ 85 DM	2/79	703	99⅛	100¼	+1¼	−0.16
Ricoh 3½ 86 DM	10/78	617	90½	91½	+0⅛	9.57
Sharp Cpn. 3½ 88 DM	2/79	487	93½	94¾	+1	10.01
Stanley Elec. 3½ DM	11/78	823	83⅞	84⅞	0	26.64
Tokyo Elec. 3½ 87 DM	4/79	476	91⅞	92⅞	+0⅛	21.36
Tokyu Ld. Co. 4 86 DM	4/79	493	87½	88½	+0⅛	8.39
Trio-Knwd. 3½ 86 DM	11/78	711	85	86	0	14.00

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Akzo to return to dividend list

BY CHARLES BATCHELOR IN AMSTERDAM

REFLECTING the recovering fortunes of the European chemicals industry, Akzo is considering a return to dividend payments this year having been missing from the lists since 1974.

The Dutch chemicals and fibres group will consider paying an interim dividend this autumn if the trend of the first few months of 1979 is maintained. Against a very depressed comparative period, first quarter operating profit rose 67 per cent on sales which were nearly 10 per cent higher, the company said yesterday.

Operating profit rose to Fl 150.6m ($73m) in the first three months of 1979 from Fl 90.1m in the same 1978 quarter. The rise at the net level was even sharper, with profit of Fl 39.4m compared with only Fl 2.5m last year. Net profit was Fl 1.33 per share against Fl 0.08 last time.

Sales rose to Fl 2.9bn ($1.4bn) from Fl 2.65bn, with an 8 per cent rise in shipments and a 5 per cent rise in selling prices more than offsetting the negative effects of currency movements on non-guilder sales by foreign-based companies.

Inventory profits made in the first quarter as a result of higher raw material prices will be "uniformly distributed" throughout the year. The positive effect of these profits was therefore limited to around Fl 10m in the first quarter of 1979. Inventory profits were negligible in the first three months of 1978.

Sales for all product groups increased substantially, with man-made fibres recording an increase of 7 per cent to Fl 960m and chemical products a 9 per cent rise to Fl 848m. Operating profits also rose, with the sharpest increases occurring in man-made fibres—Fl 8m profit against a Fl 10m loss—and chemical products, up 68 per cent to Fl 64m. High winter sales of de-icing salt contributed to the improvement for chemical products.

Coating profits rose 37 per cent to Fl 11m on sales 9 per cent higher at Fl 265m. Pharmaceutical profits rose 12 per cent to Fl 36m, while sales rose 6 per cent to Fl 317m. Profit in consumer products were 25 per cent higher at Fl 10m, while sales were 16 per cent up at Fl 192m. Profit from miscellaneous activities rose 25 per cent to Fl 25m on sales 14 per cent higher at Fl 350m.

Expenditure on property, plant and equipment and for working capital were within the level of internally generated funds in the first quarter. The workforce was reduced by 500 to 32,700.

Prolonged losses seen by DSM

By Our Amsterdam Correspondent

DSM, THE Dutch state-owned chemicals group, expects to make a considerable loss this year and will continue in the red for a further two to three years. The depressed state of the European chemicals industry and the high operating costs born by Dutch companies are major factors, while the recently completed investment programme will impose higher charges in the short term.

A loss of Fl 100-200m is expected in 1979 and the likelihood is that it will be in the top half of this range, Dr. Wim Bogers, the group chairman, told a Press conference. This follows the sharp decline in last year's net profit to Fl 26m ($12.6m) from Fl 110m in 1977.

DSM's operations in its home province of Limburg, in the south-eastern Netherlands, are expected to make a loss of Fl 400m—double the 1978 figure. To cut costs, DSM proposes shedding 2,000 of the 12,000 chemical jobs in the province, shutting down old plant and rationalising other activities.

The major investments made in the U.S., the UK and Holland over the past five years will incur start-up costs, interest charges and a depreciation bill amounting to hundreds of millions of guilders before they start contributing to profits, Dr. Bogers said.

Had these investments not been made, though, the group would already be confronted with a loss of markets, a greater dependence on dearer raw materials, and uneconomic installations in the most competitive area of bulk chemicals.

European chemical prices recovered towards the end of 1978, but DSM did not see this as a sign of a fundamental strengthening of the market, warned Dr. Bogers. Customers were merely building up stocks in anticipation of higher prices and if this led to higher financing charges there was a good chance deliveries would stagnate again. It would be several years before there was any long-term improvement in the market, he added.

Investments will fall to Fl 600m this year from Fl 1bn in 1978, and are approaching what DSM considers normal levels "within the reach of" cash flow. The rebuilt caprolactam plant at Flixborough in the UK is due to be completed in August/September.

Turnover fell by 1 per cent in 1978 to Fl 10 bn (4.8bn), with the effect of higher fertiliser and chemical sales more than compensated for by declines in plastics, energy and building.

Operating profits fell to Fl 46m from Fl 103m. Fertiliser profits dropped by Fl 40m to Fl 13m, chemical products and plastics showed a loss of Fl 23m after a Fl 17m profit and energy, building and other activities increased profits to Fl 68m from Fl 53m.

Daimler forecasts sales rise

BY GUY HAWTIN IN FRANKFURT

DAIMLER-BENZ, the West German quality car manufacturer, is forecasting substantial increases in output and cash sales this year. Figures for 1978 were hit by the metal industry wage dispute, when a strike cost the carmaker production of 30,000 vehicles.

Professor Joachim Zahn, who is retiring as the Daimler-Benz chief executive at the end of 1979, said that the current year's car output would rise to more than 420,000 units, with turnover expected to go up by 10 per cent.

In contrast, last year's strike-hit returns showed car production of 393,203 units—2 per cent down on the previous year's 401,255. Sales of Daimler-Benz AG, the parent concern, rose by 3.8 per cent to DM 21.95bn.

The group has for the first time produced a consolidated world balance sheet. The group's world turnover rose by 4.2 per cent to DM 26.95bn ($14.19bn).

On the profits front, Daimler-Benz's group earnings rose by 1 per cent last year to DM 592.8m ($312m). The parent company's net figure went up to DM 474m, an increase of 6.5 per cent.

Among the interesting features in the consolidated profit and loss account is a rise in interest earnings from DM 492.7m to DM 521.6m.

While the group is highly liquid, the interest earnings figure is distorted by the consolidation of its large operation in Brazil, where last year interest rates were around the 40 per cent mark. The parent's interest earnings, on the other hand, slipped from DM 212.4m to DM 207.2m.

Daimler's commercial vehicle side saw output drop more steeply than the car sector. Unit production went down from 248,100 to 239,702.

However, the decline came entirely at the group's domestic works, where output fell by 7.6 per cent to 173,101 units. Overseas production rose by 9.5 per cent to 66,601 units.

The drop in the group's domestic commercial motor vehicle output was steeper than the overall 5.6 per cent decline in total German commercial vehicle production last year. But at Daimler-Benz, it appears to be a return to normal levels after the steep increase in orders from the Middle East.

World capital investment last year totalled DM 1.47bn against DM 1.12bn in 1977. Depreciation amounted to DM 1.01bn after DM 916m in 1977.

Professor Zahn said that Daimler last year took important decisions which would influence its development in the 1980s and 1990s. Output was planned to grow at 4 to 5 per cent a year compared with the forecast 2 per cent annual growth for the industry as a whole.

In connection with the 1979-1983 DM 10bn investment programme announced in March, Daimler-Benz would be developing a new "small Mercedes" to come on the market in the mid-1980s. Such a model has been predicted for some time.

Figures for the first three months of 1979 show car output up by 27.7 per cent to 111,000 units, while commercial vehicle production rose 5.2 per cent to 61,000 units. Group sales during the same period went up from DM 6.1bn in the first quarter of 1978 to DM 7.3bn. The figures, however, are not strictly comparable because of the effect of the metal industry strike in 1978.

Ahlstrom satisfied with profit for last 18 months

BY LANCE KEYWORTH IN HELSINKI

DESPITE depressed trading conditions, A. Ahlstrom, one of Finland's four major private sector industrial companies, reports satisfactory profits.

The company's latest accounting period extends for 18 months to the end of 1978, which complicates a comparative assessment of the results. As a guide, however, Ahlstrom has provided figures for the 12 months to December 1978 and compared them with the 12 months to June 1977.

On this basis, consolidated sales have risen from FM 2.1bn to FM 2.25bn, while turnover for the parent company is 9.2 per cent higher, 3 per cent in volume terms.

Net sales of the wood goods, pulp, paper and converted products divisions accounted for nearly a half of Ahlstrom's total turnover. Sales of the engineering division contracted and the glass and plastics division more or less held its own.

After tax the parent company declared a net profit of FM 25.86m, which it describes as "very satisfactory in view of the operating conditions during the deep depression in Finland." But the profit to net sales ratio slipped to 0.69 per cent from 0.91 per cent.

● Shipbuilding and engineering company, Wartsila AB, reports an increase in turnover and profit for 1978. Results for the year were satisfactory, primarily because of deliveries of ships ordered during the earlier upswing in the business cycle.

Turnover of the parent company rose by 14.6 per cent to FM 2.16bn ($540m), while group consolidated net sales were FM 2.27bn, compared with FM 1.99bn in 1977. Net profit after tax was FM 14.7m against FM 11m. Dividend is maintained at 6 per cent.

Saint Gobain restates 1978 result

By Terry Dodsworth in Paris

FRANCE'S largest quoted company, Saint-Gobain-Pont-a-Mousson, turned in final consolidated profits last year of FFrs 413m ($93.9m), a little lower than the FFr 450m forecast in the provisional figures. This compares with profits of FFr 642m in 1977.

Consolidated sales were also down compared with last year to FFr 34.2bn against FFr 34.8bn. The decline in the company's activities may go even further this year following the disposal of Davum, its steel stockholding subsidiary, which has a turnover of FFr 3bn.

St Gobain was hit badly last year by problems in its French activities which, as a group, lost money.

In response to its difficulties, the company launched a reorganisation plan designed to split its various interests into 10 separate divisions, each based on a separate activity.

The company says that the results take in to account FFr 348m worth of charges against closures, along with FFr 288m losses on currency conversion. On the other hand, profits of FFr 258m were produced by disposals.

● French state gas utility Gaz de France plans to invest FFr 2.89 bn this year on various industrial projects, an increase of 12.2 per cent on 1977 spending levels. Over the first three months of this year gas output was 14.6 per cent higher.

European plant for Eaton

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

EATON CORPORATION of the U.S. yesterday opened its latest European plant, a $10m engine valve plant at Montornes, near Barcelona in Spain.

Montornes has a capacity of [illegible] valves a year, double Eaton's previous Spanish capacity and increasing its total European potential by 10 per cent.

Most of the additional Spanish production will go to the growing Spanish car and truck-assembling industry.

The plant replaces the former facility at Badalona, 10 miles away. It will employ 350, some 40 to 50 more than at Badalona, and nearly all the Badalona employees have been transferred.

BELGIAN DEBT POLICY

EMS warning bells start ringing

BY GILES MERRITT IN BRUSSELS

THE BELGIAN government looks to be in an uncomfortable position. Pressure on the Belgian franc has been a major factor in its reversal of a 10-year policy of avoiding foreign borrowing. Yet the BFrs 80bn it is thought likely by many Belgian bankers to raise abroad could paradoxically trigger a fresh wave of speculative selling.

The calculation being made by some Brussels bankers is that the Belgian state's stranglehold on the domestic capital market—caused by its need to finance the snowballing government deficit—has of late reached such a pitch that it is slowing growth by depriving industry of investment funds. Holders of Belgian francs have therefore begun to sell and the currency is now two-thirds of the way toward dropping down through its 2.25 per cent band in the European Monetary System.

The exact position of the franc in the EMS mechanism is not known, for the central bank authorities keep that information confidential. But the alarm bell of the divergence indicator provided by the franc's ECU value has already been rung, and it is thought that the national bank has been holding consultations with other EEC central banks for diversified intervention.

Whether or not Belgium has yet formally taken the decision to resume large-scale foreign borrowing was yesterday called into question. The Finance Minister, M. Gaston Geens, denied that a major $2bn loan is in the offing. The country's banking sector tends to think otherwise, and in part bases its calculations on the country's need to reassure the foreign exchange markets that the Belgian government will be "liberating" an increasing volume of domestic credit for the use of private-sector industry.

An eventual aim that no one in the Belgian government would deny would be to bring Belgium's high interest rates down to stimulate the economy, although with devaluation of the franc so far ruled out, the government's response to the situation has been the predictable one of raising interest rates. On May 3 it pushed the discount rate from 6 per cent to 7 per cent.

Meanwhile, the new policy of borrowing abroad began gently enough at the end of last week. Through such the leading Belgian banks as Société Générale de Banque and Banque Bruxelles Lambert, the state quietly raised BFr 6bn in short-term renewable loans of six months in Swiss francs and Deutsche-Marks.

The confident expectation among a number of leading Brussels banks remains that in late September the Belgian government will float a $2bn loan, and will benefit from its high credit rating to secure an interest rate of only one half per cent over the London Eurodollar Inter-Bank Rate. The loan would replace the domestic borrowing of about the same amount that the state raises at that time of year in its third and final recourse to the Belgian market.

But there seems little doubt that, whatever the government's precise foreign borrowing plans are, they are not entirely based on the need to allow the country's capital market a breathing-space.

Belgian bankers largely disagree with the assertion of M. Geens that the amount raised through gilts could be increased. They assert that the legendary investor, the "Belgian dentist," is deserting the gilts market and that there is now a shortfall of some BFr 80bn between the 1979 public sector borrowing requirement and the amount all domestic sources of credit can supply.

The situation is now radically different from that when Belgium last borrowed abroad. In 1969, when Belgium's foreign borrowings soared to BFrs 65bn, the state looked abroad because the private sector had mopped up so much domestic credit.

Now the reverse holds true, and Belgium is in much worse economic shape. No balance of payments figures have been issued since the start of the year, but the governor of the national bank, M. Cecil de Stryker, has alluded to a "temporary worsening" of the position. The state spending deficit has grown to nearly 8 per cent of GNP. To keep Belgium's import costs down the government seems committed to resisting any devaluation of the franc.

The new Belgium government of M. Wilfred Martens, born painfully out of a six-month political crisis, has had only weeks to formulate a new economic policy. But at present it is pinning its hopes on the possibility that borrowing abroad will produce a big enough inflow to boost the Belgian franc.

If not, the foreign exchange markets may be presented with their first opportunity of finding out how the EMS concerted intervention mechanism will work in practice.

ASIAN DEVELOPMENT

In search of a currency hedge

BY PHILIP BOWRING IN MANILA

THE ASIAN Development bank has set itself an approximate target of gross new international borrowings to support its operations of about US$ 1.3bn over the three-year period 1979-81. However the requirement could well be below that level, should the bank decide to reduce its high liquidity. For 1979, the bank has a provisional borrowing target of $350m, of which $160m has so far been raised.

However, borrowing may be affected by an unfavourable appearance in market conditions, as well as by a move to adjust liquidity. The ADB has for several years voided making any U.S. dollar bond issues because of high interest rates and the relatively short maturities available—the ADB is constantly aiming to lengthen maturities towards the 16 years for which most of its loans are made.

Only a quarter of its $1.7bn of borrowings is in U.S. Dollars. The bank now apparently considers that conditions in other capital markets may be moving against borrowers. On May 2, it concluded a SwFr 60m privately placed loan. Terms have not been published but the life is believed to be seven years. In January, the bank floated SwFr 100m in 15-year bonds with a 3.5 per cent coupon. However, the Swiss Franc market may now be tightening, the Yen market is disturbed by currency fluctuations, and rates in Germany are tending to rise.

The ADB is so liquid that it could afford to stay out of the markets for the rest of the year and still be within its already conservatively pitched liquidity requirements. At the end of 1978, liquidity totalled $1.2bn compared with a minimum requirement under the bank's internal guidelines of $0.9bn.

The minimum requirement is fixed at one-and-a-half years of expected disbursements to borrowers, or 40 per cent of the undisbursed balance of approved loans—whichever is the greater. Disbursements last year were only $295m. They are projected at $365m for 1979 rising to $551m in 1980 and $628m in 1981.

Disbursements, in the event, almost always fall short of budgeted levels at the ADB, because of delays in implementation of projects. Meanwhile the bank has continued to pile up excess liquidity, with loan approvals having been rising more rapidly than disbursements. Further to heighten the situation, the 40 per cent of undisbursed loans liquidity guideline is based on loan approvals rather than on loans which have progressed to the "effective" category. On an "effective" basis the minimum liquidity requirement at end-1978 would have been only $700m. The inbuilt trend to excess liquidity will begin to reverse itself this year as disbursements start to increase more rapidly than approvals. The pace of new lending is slowing after a period of rapid increase. In 1980 loan approvals are expected to be $900m, only 16 per cent up on 1978. Meanwhile disbursements should grow by 73 per cent from 1978 to 1980.

At the same time, the cash flow from new capital subscriptions will slow to about $50m a year in 1980-81, from $90m this year which is still benefiting from the bank's late 1977 last capital increase. Nevertheless, these impending changes in the bank's cash flow situation seem only partly to explain why the ADB currently has enough liquidity to cover nearly three years likely disbursements—and four years at the current disbursement rate. The liquidity question is a technical one which did not attract attention at the annual meeting of the bank this month, but it links with another issue which was raised at the meeting by borrowing member governments—currency risk.

> The Asian Development Bank is so liquid that it could afford to stay out of the markets for the rest of the year and still be within its liquidity requirements. But the liquidity issue is linked to the question of currency risks run by borrowers from the bank

As with other development banks, currency risks are borne by the borrowing country, not the bank. The price of the ADB borrowing at the cheapest rates and longest terms is that it is also borrowing the strong currencies, like Swiss Francs and Yen. The bank can thus keep down the rates it charges to borrowers (currently 7.4 per cent, which includes a 1 per cent commission which is transferred to a special reserve fund). However, the full cost to the borrowers over the life of the loan cannot be estimated in advance, because of currency fluctuations. Many borrowers face substantial, unrealised exchange losses. High liquidity exaggerates exchange risks to borrowers, because in order to maintain a high level of income from interest, the ADB disburses low yielding currencies like Swiss Francs as soon as it acquires them. It holds its liquidity in higher yielding instruments. At present about half its $1.2bn equivalent in liquidity is in U.S. Dollar time deposits and Treasury Bills.

This practice helps the bank turn in a relatively high profit, and enlarges its capital base. Last year it made $86m, excluding $34m in exchange gains, but borrowers are beginning to become concerned at the long-term strength of the currencies they have been loaned by the ADB. And this concern is likely to increase as repayments of loans start to become a significant factor for borrowers. Because disbursement has been slow and most loans have grace periods, repayments are only just beginning to bite.

The bank has committed itself to a study of ways of spreading exchange risks. The World Bank has a complex formula for spreading risk among borrowers, rather than leaving it to the chance distribution of currencies. But the ADB is believed to be thinking more in terms of providing for some compensation to badly afflicted borrowers out of reserves accumulated by currency movements in its own favour. But this would probably be done only on the basis of losses realised over the life of the loan, not on paper movements.

However, there is no real solution to exchange risk problems unless the bank is prepared to borrow more expensive weaker currencies, and lend on the basis of a broad basket of currencies.

Reconstruction plan aims to cut Folex losses

By Wong Sulong in Kuala Lumpur

FOLEX INDUSTRIES, the Malaysian textile company, which incurred accumulated losses of over 30m Ringgits ($13.5m) under its previous management, has announced a reconstruction which its new directors say will put it back on a more viable footing.

The scheme, insisted upon by its bankers, involves a drastic capital reduction, a rights issue, conversion of an outstanding loan to convertible loan stocks and an issue of shares to the Moscow Narodny Bank, one of its creditors.

In the reconstruction document to shareholders, Folex new directors pointed out that because of the accumulated losses, the company has a net liability of 20 Malaysian cents per share. The effect of the scheme would be to transform this into net assets per share of 58 cents.

The reconstruction calls for 21.6m existing shares of one Ringgit each to be written down to 5 cents each. This would be followed by a consolidation of 20 such shares to one share of one Ringgit par value.

After court approval has been sought for this, the company will make a nine-for-one rights issue to raise 9.27m Ringgits to improve the group's liquidity and gearing position.

The issue will be underwritten by the Malaysian Industrial Development Finance (MIDF) of which 4.7m shares would be sub-underwritten by three of the new directors of Folex.

At the same time, Folex will issue 1.95m new shares of one Ringgit each to Moscow Narodny Bank to repay a loan, while a 4.95m Ringgit loan from MIDF would be changed into convertible loan stock maturing 1989 at 7.5 per cent.

Metal prices boost profits for DKH

By Our Kuala Lumpur Correspondent

BUOYANT METAL prices have helped Malaysian tin smelter, Datuk Keramat Holdings, to another year of record profits.

Group pre-tax profits for the year ended January was 26m ringgit ($11.69m), an increase of 21 per cent, although turnover rose by only 9 per cent to 915m ringgit ($411.24m).

DKH said its second half profits were much lower than the first half due to earlier over-estimates of tin recoveries from parts of the plant demolished for replacement.

Apart from high metal prices the group also benefited from a substantial increase in investment income which rose from 2.7m to 5.8m ringgit.

DKH is proposing a final dividend of 85 cents per one ringgit share, bringing total dividends for the year to 146.5 cents per share, compared with 130 cents for the previous year. It expects profits for the current year to be satisfactory, and current high prices of tin appear to bear out this optimism.

Recovery ahead for audio group

BY YOKO SHIBATA IN TOKYO

PIONEER ELECTRIC Corporation, Japan's largest manufacturer of audio equipment has reported a fall in first-half consolidated profits, in spite of a rise in parent company turnover and profits to record levels.

Consolidated profits for the six months to March fell by 3.3 per cent to Y6.16bn ($28.7m), from the level for the first half of 1977-78, on sales up 6.2 per cent to Y111.13bn ($517m). Parent company net profits, on the other hand, gained 16 per cent to Y5.67bn, on sales of Y86.05m and operating profits rose 14 per cent to Y10.61bn.

A recovery in domestic sales tended to offset the effect on Pioneer—a company with a relatively high concentration on exports—of the uptrend in the yen in the foreign exchanges. The yen rose from Y240 to the dollar in September, to Y195 by March.

But with the more recent falling back in the yen (which is currently around Y215), the company is expecting record parent company net profits of Y12bn for the full year, compared with Y10.24bn in 1977-78, on sales of Y183bn, up from Y167.37bn. These estimates compare with those made late last year of Y11bn of net profits on sales of Y180bn.

The domestic sales recovery in the first half apart, Pioneer moved to offset the impact of the yen rise by increasing export prices and by rationalisation measures.

Exports in the six months declined by 10.8 per cent, so reducing the export share in the company's sales to 45.9 per cent, from 56.4 per cent

* * *

Toyota Motor Sales Company said that it will pay a special dividend of Y1 for the year ended March 31, in addition to an ordinary Y9 dividend, to commemorate its 30th anniversary, Reuter reports from Tokyo.

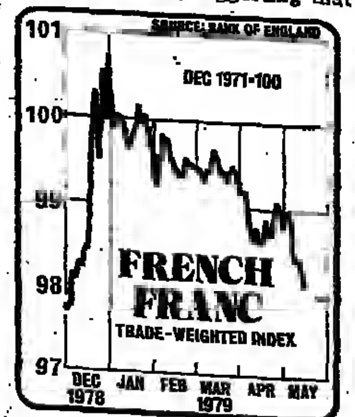
It declined to comment on a report in the newspaper Nihon Kezai that it made a better-than-expected profit before-tax and special items for the year due to increased domestic sales and improved export profitability

The newspaper said that the profit totalled Y43bn ($201.41m) against an original 40bn target, compared with 45.52bn the previous year. The company will announce its results later this month.

CURRENCIES, MONEY and GOLD

Pound firm

STERLING AND the dollar were very firm in the foreign exchange market yesterday. The pound opened at $2.0430-2.0440, and fell to a low point of $2.0420-2.0430 in early trading, as recent sellers continued to put pressure on sterling. Selling was evident for most of the day, but buying gradually gained the upper hand, with the opening of New York helping to push up the pound. Short covering lifted sterling to a high point of $2.0630-2.0640 in the afternoon, and it closed at $2.0625-2.0635, a rise of 1.90 cents on the day. Sentiment seemed to change in sterling's favour as the day wore on, suggesting that



the selling in the past week or so may have been overdone. The pound's trade weighted index, as calculated by the Bank of England, rose to 66.7 from 66.1, after standing at 66.3 at noon, and 66.1 at the start.

The dollar also improved, with its index on Bank of England figures rising to 86.1 from 85.9. The U.S. currency rose to DM 1.9060 against the D-mark, from DM 1.9005, and to Y214 from Y213.55 in terms of the yen. It finished close to the best level of the day against most major currencies, while the Canadian dollar also gained ground, rising to 86.14½ U.S. cents from 86.02½.

The Irish punt fell to $1.9925 from $1.9952 against the dollar, and to 96.80p from 97.55p in terms of the pound. It was firmer against the other members of the European Monetary System however, rising to BFr 60.73 from BFr 60.65 against the Belgian franc; to FFr 8.7780 from FFr 8.7589 against the French franc; to DM 3.7960 from DM 3.7909 against the D-mark; to Fl 4.1310 from Fl 4.1257 against the guilder; to L1,695.60 from L1,695.42 against the lira; and to DKr 10.6900 from DKr 10.6639 in terms of the Danish krone.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.9040 yesterday, the highest level for about a month. The previous fixing level was DM 1.8989, and a further rise by the dollar may have been prevented by European central banks. There were some suggestions of intervention by the German authorities outside the fixing, and it was also believed that the Swiss National Bank sold dollars to support the Swiss franc.

MILAN—The dollar rose to L850.95 from L848.95 against the lira at the fixing, and sterling was also firmer, rising to L1,743.70 from L1,736.65. The D-mark rose to a high point of L449.50 in the morning, but eased to L446.87 at the fixing, little changed from L446.92 at Monday's fixing. The Bank of Italy was a net seller of dollars in official trading.

TOKYO—The dollar fell to Y212.65 against the yen at the close, from Y213.85 on Monday. It opened at Y212.60, and fell to a low of Y211.90, partly reflecting comments by U.S. Federal Reserve Board chairman, Mr. G. William Miller, that the yen is undervalued. Strong commercial demand and a continuing shortage of dollars in Tokyo led to a slight recovery by the U.S. currency later in the day.

THE POUND SPOT AND FORWARD

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0420-2.0640	2.0625-2.0635	0.33-0.23c pm	1.63	0.65-0.55 pm	1.16
Canada	2.3720-2.3955	2.3940-2.3950	0.22-0.12c pm	0.85	0.55-0.45 pm	0.84
Nethlnd.	4.22-4.29	4.27¾-4.28¾	2½-1½c pm	4.55	5½-4½ pm	4.32
Belgium	62.00-63.00	62.85-62.95	25-15c pm	3.82	65-55 pm	3.82
Denmark	10.82-11.08	11.08½-11.07½	3½-1½ore pm	2.44	5-3 pm	1.45
Ireland	1.0265-1.0315	1.0272-1.0282	15-25p dis	−2.34	58-68 dis	−2.45
W. Ger.	3.88-3.96	3.93½-3.94½	2½-1½pf pm	5.85	6½-5½ pm	3.96
Portugal	100.30-102.20	101.85-102.15	50-110c dis	−9.41	150-250 dis	−7.84
Spain	134.85-136.30	136.20-136.30	15c pm-35c dis	−0.88	10pm-60dis	−1.03
Italy	1,738-1,756	1,755-1,756	2½-½lire pm	1.03	3½-1½ pm	0.57
Norway	10.59-10.73	10.71½-10.72½	3½-1½ore pm	3.08	9½-7½ pm	3.17
France	8.98-9.10	9.08½-9.09½	1c pm-par	0.66	3½-2½ pm	1.32
Sweden	8.96-9.07	9.05½-9.06½	3-1ore pm	2.65	6½-4½ pm	2.43
Japan	432-445	441-442	2.05-2.75y pm	7.88	7.85-7.55 pm	6.98
Austria	28.55-29.00	28.93-28.98	20-10gro pm	2.22	48-38 pm	5.94
Switz.	3.51-3.57	3.56-3.57	3½-2½c pm	10.94	9½-8½ pm	10.38

Belgium rate is for convertible francs. Financial franc 64.85-64.95. Six-month forward dollar 1.18-1.14c pm; 12-month 2.20-2.10c pm.

THE DOLLAR SPOT AND FORWARD

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0420-2.0640	2.0625-2.0635	0.33-0.23c pm	1.63	0.65-0.55 pm	1.15
Ireland†	1.9925-2.0000	1.9950-2.0000	0.77-0.62c pm	4.20	1.95-1.75 pm	3.70
Canada†	86.00-86.15	86.03-86.06	0.07-0.05c pm	0.84	0.09-0.06 pm	0.35
Nethlnd.	2.0710-2.0750	2.0720-2.0740	0.60-0.50c pm	3.19	1.73-1.63 pm	3.24
Belgium	30.43½-30.56	30.48½-30.50	8½-7½c pm	3.15	21-15 pm	2.82
Denmark	5.3575-5.3675	5.3645-5.3670	0.75-0.25ore pm	1.12	0.75-0.25 pm	0.37
W. Ger.	1.9020-1.9075	1.9057-1.9067	0.89-0.79pf pm	5.29	2.61-2.41 pm	5.13
Portugal	49.30-49.65	49.40-49.50	33-48c dis	−8.71	90-140 dis	−9.30
Spain	66.00-66.20	66.00-66.10	2-12c dis	−1.27	22-32 dis	−1.63
Italy	850.70-851.30	850.90-851.20	par-0.30lire dis	−0.21	0.75-1.15dis	−0.45
Norway	5.1930-5.1970	5.1955-5.1965	0.60-0.10ore pm	0.84	2.50-2.00 pm	1.73
France	4.4020-4.4070	4.4050-4.4065	0.15cdis-0.05pm	−0.14	0.95-0.75 pm	0.77
Sweden	4.3900-4.3940	4.3920-4.3930	0.70-0.50c pm	1.64	1.75-1.55 pm	1.50
Japan	213.50-214.50	214.10-214.30	1.12-1.02y pm	5.99	3.05-2.95 pm	5.60
Austria	14.01½-14.04	14.03½-14.03¾	0.35-5.85gro pm	5.17	17.50-18.00pm	4.77
Switz.	1.7230-1.7290	1.7260-1.7270	1.45-1.35c pm	9.73	4.20-4.10 pm	9.61

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.521592	0.646114
U.S. $	9½	1.27330	1.32372
Canadian $	11¼	1.47223	1.53764
Austria Sch.	3¾	17.8482	18.3687
Belgian F	7	38.7859	40.3180
Danish K	8	6.89643	7.10064
D mark	4	2.42448	2.52085
Guilder	5½	2.64029	2.74375
French Fr.	9½	5.60001	5.82718
Lira	10½	1085.29	1122.85
Yen	4¼	270.843	282.159
Nrwge. K.	7	6.51372	6.87360
Spanish Pes.	8	Unavail.	87.4909
Swedish Kr	6½	5.59064	5.81150
Swiss Fr.	1	2.19576	2.26893

CURRENCY MOVEMENTS

May 10	Bank of England Index	Morgan Guaranty changes %
Sterling	66.7	−37.0
U.S. dollar	86.1	−7.6
Canadian dollar	81.2	−12.2
Austrian schilling	144.7	+18.8
Belgian franc	112.7	+13.2
Danish kroner	115.4	+4.7
Deutsche Mark	149.0	+41.1
Swiss franc	199.5	+80.0
Guilder	120.6	+19.5
French franc	96.1	−7.2
Lira	54.3	−48.9
Yen	135.6	+34.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3183	+2.18	+1.65	±1.53
Danish Krone	7.08592	7.10064	+0.21	−0.32	±1.635
German D-mark	2.51064	2.52065	+0.41	−0.12	±1.1325
French Franc	5.79831	5.82718	+0.50	−0.03	±1.35
Dutch Guilder	2.72077	2.74375	+0.84	+0.31	±1.5075
Irish Punt	0.662638	0.662704	+0.26	−0.27	±1.665
Italian Lira	1148.15	1126.85	−1.86	−1.86	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER MARKETS

May 15	£	$		£ Note Rates
Argentina Peso	2521-2541	1222-1232	Austria	28¼-29¼
Australia Dollar	1.8020-1.8560	0.8875-0.8995	Belgium	64-65
Brazil Cruzeiro	50.80-51.20	24.65-24.80	Denmark	11.00-11.10
Finland Markka	8.20-8.22	3.9745-3.9845	France	8.87-8.97
Greek Drachma	75.15-76.82	36.40-37.20	Germany	3.71-3.81
Hong Kong Dollar	10.28-10.42	5.0315-5.0010	Italy	1,715-1,745
Iran Rial	149.05-155.73	72¼-73¼	Japan	440-450
Kuwait Dinar (KD)	0.563-0.578	0.2775-0.2776	Netherlands	4.20-4.30
Luxembourg Fr.	62.85-62.95	30.48-30.50	Norway	10.60-10.70
Malaysia Dollar	4.57-4.59	2.2150-2.2160	Portugal	98-101
New Zealand Dlr.	1.9830-1.9690	0.9510-0.9545	Spain	134-137
Saudi Arab. Riyal	6.86-6.92	3.3515-3.3520	Switzerland	3.50-3.60
Singapore Dollar	4.4060-4.5400	2.1330-2.2025	United States	2.0550-2.0650
Sth. African Rand	1.75-1.74	0.8585-0.8430	Yugoslavia	42-44

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.35-10.45 per cent; three months 10.55-10.65 per cent; six months 10.85-10.95 per cent; one year 10.80-10.90 per cent.

May 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-12½	10-10¼	9½-10½	7-7¼	½-⅝	5-5¼	n/a	7-10	10⅛-10⅜	3½-10¼
7 days' notice	11½-12½	10¼-10⅜	9½-10½	7-7¼	½-⅝	5-5¼	n/a	10-11	10⅛-10⅜	3¼-4¼
Month	12¼-12½	10¼-10⅜	10¼-11¼	7¼-7½	½-⅝	5½-5¾	11-11¼	10½-11½	10¼-10⅜	4¾-5
Three months	12¼-12½	10½-11	10⅞-11¼	7½-7¾	1¼-1⅜	5⅞-5¾	10¾-11¼	11-12	10⅝-10⅞	5-5¼
Six months	12⅛-12⅝	10½-11	10⅞-11¼	8¼-8⅜	2¼-2⅜	6¼-6⅜	10⅞-11¼	11½-12½	10½-11	5¼-5⅜
One year	12¼-12⅝	10⅝-11⅛	10⅞-11¼	8¾-8⅞	2⅞-3⅛	6⅝-6¾	10⅞-11	12-13	10⅝-10⅞	5½-5¾

Long-term Eurodollar deposits: two years 10⅝-10¾ per cent; three years 10⅝-10¾ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 10	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.063	3.940	441.5	9.090	3.565	4.265	1756.	2.390	65.90
U.S. Dollar	0.485	1.	1.910	214.0	4.406	1.728	2.070	850.0	1.151	30.49
Deutschemark	0.254	0.524	1.	112.1	2.307	0.905	1.087	445.6	0.608	15.92
Japanese Yen 1,000	2.265	4.673	8.924	1000.	20.59	8.078	9.700	3970.	5.424	142.5
French Franc 10	1.100	2.270	4.334	485.7	10.	3.922	4.711	1931.	2.634	69.20
Swiss Franc	0.281	0.579	1.105	123.8	2.550	1.	1.201	492.4	0.678	17.64
Dutch Guilder	0.234	0.482	0.920	103.1	2.123	0.832	1.	400.9	0.558	14.09
Italian Lira 1,000	0.570	1.175	2.244	251.5	5.178	2.031	2.439	1000.	1.364	35.85
Canadian Dollar	0.418	0.868	1.645	184.4	0.796	1.489	1.782	735.1	1.	26.27
Belgian Franc 100	1.590	3.280	6.864	701.9	14.43	5.668	6.808	2791.	3.807	100.

INTERNATIONAL MONEY MARKET

French rates move

The Bank of France yesterday increased the rate at which it intervenes in the money market from 6¾ per cent to 7¼ per cent. This is the rate of discount on first category paper which it buys from the market, and yesterday's move made it the second upward shift this year. The rate of discount at the beginning of the year stood at 6¾ per cent. At the same time yields on 12-month Treasury bills rose sharply at yesterday's tender to 8.861 per cent against 8.066 per cent at the last auction held on May 2.

The increase was reflected in money market rates, with overnight money rising to 7½ per cent from 7¼ per cent and one-month money to 7½-7¾ per cent from 7¼-7½ per cent. The three-month rate firmed to 7¾-7⅞ per cent from 7⅝-7¾ per cent while six-month money was quoted at 8½-8¾ per cent, up from 7¾-8 per cent. 12-month money was also firmer at 8⅞-8⅞ per cent compared with 8½-8¾ per cent on Monday.

FRANKFURT—Interbank rates showed an easier trend where changed yesterday, with call money falling to 5.05-5.10 per cent from 5.10-5.15 per cent and one-month money unchanged at 5.50-5.60 per cent. Three-month was also unchanged at 5.80-6.00 per cent while the six-month rate stood at 6.20-6.40 per cent from 6.25-6.35 per cent. 12-month money was static at 6.90-7.10 per cent.

NEW YORK — Conditions remained nervous ahead of economic indicators due later this week, with yesterday's industrial production figures postponed until today. Federal funds were quoted at 10¼-10⅜ per cent after 9⅞ per cent on Monday.

AMSTERDAM — Call money was quoted at 7-7½ per cent unchanged from Monday, with one-month money at 7½-7¾ per cent compared with 7½-7¾ per cent. The three-month rate was unchanged at 7⅝-7⅞ per cent while six-month money stood at 8¼-8½ per cent against 8⅜-8½ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change with one-month deposits easing slightly to 7¾-7⅞ per cent from 7⅞-8 per cent and three-month deposits unchanged at 8½-8⅝ per cent.

HONG KONG—Conditions in the money market were generally steady.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit remained in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills, some of which are for resale at a fixed future date, and small purchases of local authority bills, all for resale at a fixed future date. The authorities also lent a small amount to two or three houses at MLR for repayment today, and total assistance was termed as moderate.

The market was faced with the repayment of a large amount of official lending and there was a small increase in the note circulation. On the other hand banks brought forward balances a small way above target and there was a small net amount of Treasury bills maturing outside official hands. This was in addition to a moderate surplus of Government disbursements over revenue transfers to the Exchequer, with the rate support grant and interest on British Government Securities forming the principal part of the disbursements. Discount houses were paying around 12 per cent for secured call loans, although balances were taken later in the day down to 11 per cent.

In the interbank market, overnight loans opened at 12¼-12½ per cent where they traded for most of the morning. Rates eased to 12-12¼ per cent soon after lunch and fell briefly to 11¼-11½ per cent before closing at 11½-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 15 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-12¼	—	—	—	12½	11-12	—	—	—
2 days notice	—	—	12⅛-12⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	12⅛-12¼	12¼-12⅜	—	12½	12½	12	—	—	—
One month	12 5/16-12 3/16	12⅛-12¼	12⅛-12¼	12⅝-12⅜	12½	12½	11⅞	11⅝-11 9/16	12⅛	12⅝
Two months	12⅛-11 15/16	12 1/16-12 1/16	—	12-11⅝	12⅜	—	11⅞	11 1/2	11 13/16-12	12½
Three months	11 15/16-11 13/16	12-12⅛	11⅞-11 15/16	11⅞	12¼	12⅜	11⅝	11 11/16-11 5/8	11 13/16-11 7/8	12⅝
Six months	11¾-11⅝	11 13/16-11 11/16	11½-11⅞	11½-11⅛	12	—	—	—	11 11/16-11 9/16	12¼
Nine months	11 11/16-11 9/16	11 11/16-11 9/16	—	11⅞	12	—	—	—	—	—
One year	11 11/16-11 9/16	11 11/16-11 9/16	11⅜-11½	11⅝-11¼	12	—	—	—	—	—
Two years	—	—	11⅝-11⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11¾-12 per cent; four years 11¾-11⅞ per cent; five years 12-12½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11½-11¾ per cent; four-month trade bills 12¼ per cent.

Approximate selling rate for one-month Treasury Bills 11 7/32 per cent; two-month 11 9/32-11⅛ per cent; three-month 11 3/32-11 21/32 per cent. Approximate selling rate for one-month bank bills 12 per cent; two-month 11 27/32-11⅞ per cent; and three-month 11 25/32-11 25/32 per cent; one-month trade bills 12½ per cent; two-month 12⅜ per cent; and three-month 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4305 per cent.

GOLD

Record level

Gold closed at a record level of $254¾-255¼, a rise of $3¼ on the day. The metal touched an all time high of $255¾-256¼ in active trading, ahead of the monthly U.S. Treasury auction, where the amount of gold on offer has been reduced by half, to 750,000 ounces. Future IMF auctions will also be cut, to 444,000 ounces from 470,000 ounces. The previous record of $254¾ was touched on February 22.

In Paris the 12½ kilo gold bar was fixed at FFr 37,800 per kilo ($267.05 per ounce) in the afternoon, a new record, compared with a previous record of FFr 37,500 ($264.87) in the morning, and FFr 36,900 ($261.48) Monday afternoon.

	May 15	May 14
Gold Bullion (fine ounce)		
Close	$204½-255¼ (£123.0-123.8)	$201-251¾ (£122.3-123.2)
Opening	$252¾-253½ (£123.1-123.6)	$249½-250¼ (£122.0-122.4)
Morning fixing	$200.40 (£193.779)	$250.55 (£182.537)
Afternoon fixing	$253.50 (£124.128)	$251.00 (£192.635)
Gold Coins, domestically		
Krugerrand	$267½-271½ (£129½-131½)	$250½-264½ (£197½-129½)
New Sovereigns	272-74 (£33.06)	$69½-71½ (£34-35)
Old Sovereigns	281½-83½ (£39½-40½)	$79½-81½ (£39-40)
Gold Coins, internationally		
Krugerrand	$261¼-263¼ (£126½-127½)	$258½-260½ (£125½-127½)
New Sovereigns	$66-68 (£32-33)	$63-67 (£31½-32½)
Old Sovereigns	$85¾-87¾ (£41½-48½)	$84¼-88½ (£41¼-42¼)
$20 Eagles	$418-423	$402-407
$10 Eagles	$225-230	$212-217
$5 Eagles	$135-150	$152-157

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	10.3125
Treasury Bills (13-week)	9.57
Treasury Bills (26-week)	9.48

GERMANY

Discount Rate	4
Overnight Rate	0.075
One month	5.55
Three months	5.90
Six months	6.30

FRANCE

Discount Rate	5.6
Overnight Rate	7.6
One month	7.3125
Three months	7.8125
Six months	8.1875

JAPAN

Discount Rate	4.25
Call (Unconditional)	0.125
Bills Discount (three-month)	5.625

Early Wall St. rally on bargain hunting fades

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—53⅛% (53½%)
Effective $2.0630 21½% (20⅞%)

WITH BARGAIN HUNTING taking place after the recent declining trend, the Wall Street Stock Market showed some recovery in the early stages yesterday, but later slipped back to finish with irregular movement on balance after a moderate business.

The Dow Jones Industrial Average, after retrieving about 5 points, ended only 0.86 firmer on the day at 825.88. The NYSE All Common Index was a net 4 cents harder at $55.26, after touching $55.45, while declines slightly led gains at the close by 696 to 689. Trading volume picked up to 26.27m shares from Monday's low level of 22.55m.

Analysts said continuing worries about petrol shortages, interest rates and the economic outlook kept many investors on the sidelines.

The market should have another piece to add to the confusing jigsaw puzzle picture of the economy today with a report on April housing starts due.

The rest of the week should yield more data, with reports on factory utilisation, personal income and corporate profits for April expected. Revised first-quarter gross national product figures are due on Friday.

Motors firmed despite reporting a combined 13.4 per cent decline in new car sales in the first 10 days of May. Chrysler picked up ⅛ to $8⅛. The company has no plans to change the dividend even though losses could widen. A changed sales policy will hurt results in the short-term but help later, it added.

Some Golds advanced as Bullion hit a record high fixing in London. Dome Mines rose 5⅞ to $112⅞. The company reported improved first-quarter profits, while Dome Petroleum, which plans to increase its Dome Mines stake, announced plans to offer $100m of Preferred stock.

Gaming shares continued to rally after last week's sharp setback. Caesars World jumped 4⅛ to $67⅞ and Bally Manufacturing gained ⅞ to $68⅞. Playboy reported improved fiscal third-quarter profits and added ⅞ at $19.

F. W. Woolworth eased ⅛ to $25⅞. It is still opposing a Brascan take-over bid, but a South Carolina securities official has termed the offer as fair. Brascan, being sought by Edper Equities, slipped ⅛ to $19⅞ on the American SE.

THE AMERICAN SE Market Value Index reversed a modest mid-session gain to close 0.12 off on the day at 176.05. Volume 3.26m shares (3.77m).

Canada

Golds provided a buoyant sector on fairly active Canadian markets yesterday, which otherwise failed to establish a clear trend. The Toronto Composite Index managed an improvement of 1.1 at 1,454.6, while the Golds share index moved ahead 72.2 to 1,828.5. Utilities put on 0.59 to 221.22, but Metals and Minerals shed 4.9 to 1,220.6 and Banks 0.54 to 297.65.

Sigma Mines gained ⅞ to C$26 and Campbell Red Lake ½ to C$21⅛, both having reported higher earnings.

Tokyo

Shares mainly moved further ahead on meeting fresh active buying, but many gains were subsequently eroded by late profit-taking.

The Nikkei-Dow Jones Average, after attaining a new record peak of 6,339.92 at midday, came back to 6,308.88 for a gain on the day of 11.98. The Tokyo SE index, however, finished a net 1.15 down at 458.85, although rises on the First Market Section still outscored declines at the close by 384 to 279. Turnover amounted to a sizeable 430m shares, but fell well short of recent daily levels and Monday's 720m.

Issues were particularly well supported in the early stages.

Toyota Motor sales advanced Y15 to Y715 on its planned special dividend, while Toyota Motor rose Y8 to Y922. Sony gained Y20 to Y2,110 among Light Electricals, but TDK Electronic were finally Y30 down at Y1,860. Shiseido moved ahead Y30 to Y1,090 and Tokeda Chemical Y10 to Y505.

Steels, Oils and Shipbuildings, which rose initially, closed lower on caution after their rapid recent rise, with Arabian Oil losing Y90 at Y3,180, Toa Nenryo Y40 at Y1,040 and Teijin Oil Y10 at Y700.

Paris

Market further declined over a broad front yesterday in light turnover, although there was a flurry of buying interest in the closing minutes. The Bourse Industrials index receded 1.0 more to 78.7.

Investors were apprehensive that the franc's weakness against the dollar would aggravate France's import costs. Also affecting sentiment was a rise in the Call Money rate to 7⅞ per cent from 7¾ per cent.

Brokers added that some switching of funds from securities into gold could also have been partly responsible for the depressed market. The price of gold rose to a new all-time high in Paris yesterday.

Particularly weaker issues included CIC, Pricel, Alsacienne de Supermarche, Thomson Brandt, BIC, Pernod Ricard, Peugeot-Citroen, Peribas, BHV, Prenatal, Creusot-Loire, CFP, Air Liquide, Jean Lefebvre, Dollfus-Mieg and L'Oreal.

Ahead at the close were Schneider, Generale de Fonderie, Moulinex, Alsthom-Atlantique, St. Gobain and Cotelle.

Matra rose FFr 150 to FFr5,940 after announcing sharply higher first-quarter turnover.

Germany

Shares tended to rally in livelier trading, with the Commerzbank index recouping 1.4 to 758.1 after closing at a new 1979 low on Monday.

Among Motors, Daimler Benz, which announced a higher net world profit of DM 592.80m for 1978, climbed DM 3 to DM 284. Volkswagen put on DM 2.50 and BMW DM 1.50.

Stores were also in much brighter mood, with Karstadt adding DM 4.30, Kaufhof DM 3.50 and Neckermann DM 2.50.

KHD put on DM 2 in Engineerings and Degussa DM 2.50 in Chemicals. Lufthansa gained DM 1.50 and Bayerische Vereinsbank DM 2.

Public Authority Bonds recorded fresh falls extending to DM 1, while the Bundesbank bought DM 24.3m nominal of paper after DM 700,000 purchases on Monday. Mark Foreign Loans held steady.

Australia

Markets were easier-inclined in generally fairly quiet trading.

Main attention was focused on a weak Banks sector, where Bank of Adelaide retreated 7 cents to A$1.33 on turnover of over 191,000 shares nationally following news that the bank is being urged by the Australian Reserve Bank to seek a merger partner in order to surmount the problems arising from its financially troubled wholly-owned subsidiary, Finance Corporation of Australia. ANZ fell 18 cents to A$4.38, BNS Wales 9 cents to A$3.54, National ⅞ cents to A$2.45 and CBA 5 cents to A$2.60.

Market leader BHP declined 8 cents to A$9.53, while CSR receded the same amount on profit-taking to close at A$3.90.

Australian Oil and Gas receded 7 cents to 95 cents in predominantly lower Oils, while among Minings, Hamersley lost 5 cents to A$2.75 and Oakbridge 5 cents to A$1.35. However, MIM, helped by higher London metal prices, put on 5 cents to A$3.25, while Uraniums had Kathleen Investments 5 cents harder at A$3.00.

Hong Kong

Market was modestly firmer in another thin business, leaving the Hang Seng index 3.97 up at 547.69.

Jardine Matheson rose 20 cents to HK$11.80 and Hongkong Bank 10 cents to HK$13.50, while Swire Pacific "A" and Wheelock "A" gained 5 cents to HK$8.80 and HK$3.30 respectively.

China Provident gained 50 cents to HK$20.00, Cheung Kong 20 cents to HK$9.30 and Sun Hung Kai Properties 30 cents to HK$9.30, but China Light shed 20 cents to HK$20.60.

Amsterdam

Share prices closed on a mixed note.

Akzo and Unilever put on Fl 0.40 and Fl 1.20 respectively in Dutch Internationals on their increased first-quarter profits. Royal Dutch rose Fl 1.30, but Hoogovens and Philips edged lower.

Elsewhere, Volker Stevin advanced Fl 2.50.

State Loans were narrowly irregular.

Johannesburg

Golds mostly improved in fairly active trading following higher Bullion prices, dealers noting good European demand.

Mining Financials also gained ground, while Diamond leader De Beers advanced 15 cents to R8.95. Platinums were harder in line with the free market price, but Coppers eased a shade.

Industrials made a mixed showing.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
Φ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

MONTREAL

	May 15	May 14	May 11	May 10	1979 High	1979 Low
Industrial	242.86	242.81	246.38	242.63	250.91 (27/3)	219.18 (2/1)
Combined	245.48	245.69	246.20	245.38	251.80 (2/5)	225.90 (2/1)
TORONTO Composite	1454.6	1453.5	1458.4	1452.8	1491.1 (2/5)	1315.8 (2/1)
JOHANNESBURG Gold	288.1	279.5	278.0	277.6	290.7 (7/2)	228.4 (17/4)
Industrial	325.8	325.8	325.7	326.6	326.8 (8/5)	279.5 (2/1)

	May 15	Previous	1979 High	1979 Low
Australia (¶)	589.28	592.15	597.68 (19/3)	545.79 (2/1)
Belgium (‖)	106.58	106.48	108.09 (3/5)	98.80 (3/1)
Denmark (**)	96.32	96.61	97.22 (10/5)	88.32 (8/1)
France (††)	78.7	79.7	81.6 (2/5)	71.5 (15/2)
Germany (‡‡)	758.1	756.7	839.6 (16/1)	756.7 (14/5)
Holland (§§)	74.5	75.8	85.9 (24/1)	74.6 (15/5)
Hong Kong (¶¶)	547.69	543.72	568.90 (6/2)	493.83 (2/1)
Italy (‖‖)	—	75.02	78.46 (26/3)	68.38 (2/1)
Japan (a)	456.85	458.88	462.97 (31/1)	435.22 (10/4)
Singapore (b)	388.38	393.32	398.09 (8/5)	346.34 (23/2)

	May 16	Previous	1979 High	1979 Low
Spain (d)	—	(c)	111.86 (8/3)	95.05 (12/1)
Sweden (e)	386.35	387.54	401.34 (6/2)	333.48 (27/4)
Switzerland (f)	324.7	324.0	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Greyhound Wnts.	894,500	2	+⅛
Standard Brands	525,300	23⅞	+⅞
Greyhound Con.	503,900	14⅞	+⅛
Publicker Inds.	447,800	†0⅞	—
Amer. Motors	354,500	8⅞	—
Texaco	346,300	24⅞	—
Caesars World	322,900	67⅞	+⅞
Ashland Oil	290,500	47½	−1⅞
Polaroid	290,200	30⅞	−2⅞
Contl. Telephone	278,200	16⅞	—

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS
C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
Norwich General Trust	12 %
National Westminster	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Ryl. Bk. Canada (Ldn)	12 %
Schlesinger Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

† Bid. ‡ Asked. § Traded. ‖ New stock.

French farm incomes down 1.2%

By Our Commodities Staff

FRENCH FARMERS' incomes fell 1.2 per cent in real terms last year despite a record cereals crop and a 16 per cent rise in output of fruit and vegetables, the Paris Ministry of Agriculture reported.

However, allowing for the value of stocks of grain left unsold on the farm at the end of the year and additions to livestock herds, incomes climbed 2 per cent after allowing for inflation.

British farm earnings, by contrast, fell 11 per cent in real terms during 1978.

Milk output in France climbed a further 2.5 per cent, and livestock slaughtered was up 1.8 per cent.

Killings were relatively low because farmers are still recovering from the effects of the 1976 drought when grass shortages forced producers to reduce herds.

But there has also been a tendency for beef farmers to build up herds or fatten stock to heavier weights to take advantage of the rapidly rising prices in world markets so far this year.

State body to take over jute buying

NEW DELHI—The State-owned Jute Corporation of India and producer co-operatives are likely to take over buying raw jute from growers to sell to mills, according to a consensus reached at a ministerial meeting of jute growing states here.

Industry Minister George Fernandes is reported to have urged the takeover of the trade by March 1981, according to official sources.

The ministers of West Bengal, Bihar and Andhra Pradesh agreed to step up raw jute purchases this financial year to more than 2.5m bales as a preliminary step. The maximum procured by state agencies in a single year so far is 830,000 bales.

Official sources said the object of the takeover would be to curb speculation in raw jute and to give the grower a better deal.

Reuter.

ICI fertiliser prices to rise

BY JOHN EDWARDS, COMMODITIES EDITOR

AN AVERAGE eight per cent increase in fertiliser prices was announced yesterday by ICI.

The rise will be effective from the start of the 1979-80 fertiliser season on June 1.

The company said it notified its intention of raising prices to the Price Commission in April. Different percentage increases in prices will be applied to individual products, but compound and straight nitrogen fertilisers will increase by the same amount on average.

This is a different pattern to increases during the past few years when straight nitrogen prices have risen far more than compounds reflecting the stronger growth in demand.

The last increase in fertiliser prices was 12 months ago, so the rise of eight per cent appears to be quite modest bearing in mind inflation during the past year as well as the rise in raw material costs.

Trade sources pointed out that the price of straight nitrogen fertilisers has risen by between 35 to 40 per cent in the past two years with hefty increases in January 1978 and June 1977. But renegotiation of gas price contracts was blamed for an abnormal rise in nitrogen. Other raw materials have been affected by oil price rises.

Fisons confirmed yesterday it too had an application for a fertiliser price increase lodged with the Price Commission. Although the company would not say what price rise was being sought, and by when, it is expected to be much the same as the ICI increase and to be introduced by June 1.

Platinum and silver reach new peaks

BY JOHN EDWARDS, COMMODITIES EDITOR

THE UPSURGE in precious metal markets continued yesterday, with platinum and silver prices reaching record levels as well as gold.

Free market platinum values in London jumped by $9.50 to a record price of $435 an ounce; the sterling price advanced by £2.85 to £211.15—the highest ever afternoon closing and just below the all-time peak of £211.40 reached in February.

The sterling price for platinum has risen by more than £27 in the past month and is some £40 above the official price charged by South African producers. In dollar terms the free market $435 is $85 above the South African producer price and must inevitably trigger off rumours of another rise by producers, who last put their prices up at the end of April.

Indeed London dealers say that a shortage of South African supplies to meet demand has developed and this is putting extra pressure on the free traditional supplies from the Soviet Union.

Sporadic buying is reported from Japan,

But the main upward impetus for platinum and silver has come from speculators following concern over the oil supply situation and the state of the U.S. economy.

The London spot quotation for silver was raised at the morning fixing 8.6p to a record 413.4p an ounce. But values eased slightly in later trading with the cash price on the London Metal Exchange silver market closing at 411.45p.

In the base metal markets copper followed the upward trend in precious metals and a rise in New York overnight. But profit-taking sales came in during the afternoon, encouraged by the stronger trend in sterling and cash wirebars closed only £5.5 up at £919.5 a tonne. It was reported new talks had started seeking a settlement of the strike at Noranda's Gaspe mine.

Nickel futures on the Metal Exchange hardly reacted to the news that International Nickel had finally followed other producers in raising its official list prices by 35 cents to $2.85 for melting nickel, $2.90 for plating and $2.76 for charge nickel.

Big coffee price fall warning

By Our Commodities Staff

DUTCH COFFEE traders believe world coffee futures could fall by up to $400 a tonne later this year if no frost damage occurs during the coming Brazilian winter, reports Reuter from Amsterdam.

They expect the market to remain firm until the annual frost threat period is passed, though some said they would rule out the possibility of prices falling in June as they did last year when early frost fears abated.

The traders said the market was very quiet with roasters' supplies already well covered until the end of June. Some roasters may have bought more coffee than they need, the traders added.

On the London futures market yesterday robusta coffee prices failed to hold Monday's gains and values drifted lower in quiet trading. By the close the July futures quotation had fallen to £1,558.5 a tonne, down £19 on the day.

Threat to European soya earnings

HAMBURG—European overcapacity and cheap imports from the U.S. and Brazil will weaken the earnings position of European soya processors, Oelmuehle Hamburg AG said yesterday.

Oelmuehle, which processed 910,500 tonnes of oilseeds in 1978, a 12.5 per cent increase on the previous year, said the fall of the dollar and the poorer quality of the U.S. harvest last year also had a negative effect on European processors' earnings.

Reuter

More sugar

By Canute James

KINGSTON—Jamaica's sugar production this year has reached 184.475 tons, 28,022 tons more than at the same time last year. The industry is this year aiming at total production of 352,000 tons.

FISHING

Hard times for Spain's fleet

BY A CORRESPONDENT

MADRID—Spain's fishing fleet is the third largest in the world, exceeded only by Japan and the Soviet Union.

But the industry has been in the doldrums, dogged by the frequent arrest of its vessels, armed attacks on fishing boats and even the violent deaths of Spanish fishermen. Most of these problems are the result for Spain's need to fish in other countries' economic zones.

Spain's territorial waters and exclusive economic zones are insufficient to match its people's passion for fish and seafood.

Spanish fishing grounds are small and all but exhausted. Moreover, the fishermen have traditionally fished in waters which until five or six years ago were unrestricted but which now form the exclusive economic zones of neighbouring countries.

The past few years have witnessed frequent arrests of Spanish fishing boats, mostly in the waters of the EEC and more recently in those of Portugal and Morocco. In the case of Morocco the problem has been further complicated by armed attacks on Spanish trawlers by the Frente Polisario liberation movement in Moroccan controlled Western Sahara.

Some countries may regard Spanish fishermen as little better than rapacious freebooters with no regard for the conservation of fish stocks. But generally they are arrested for fishing in waters that their families have fished for generations.

While the fisherman's life has declined in many western European countries the same has certainly not been true in Spain. According to the directorate general of Spanish Fisheries some 114,000 Spaniards make their living as fishermen.

The same sources give the total number of Spanish fishing vessels in 1977 as being just over 17,000. Admittedly some 70 per cent of these are small coastal fishing boats of less than 20 tons.

But this still leaves 3,000 vessels from 20 to 150 tons engaged in coastal fishing and a further 1,800 vessels larger than 100 tons constructed for deep water and ocean fishing.

Spanish vessels can be found off South Africa, Mozambique, Senegal, Mauritania, the Boston and Newfoundland banks and Norway. Many stay at sea for most of the year using transport vessels which freeze the catch before returning to Spain.

It is the fresh fish sector that is hardest hit in Spain. Though Spain now has fishing agreements with the EEC and Portugal and has theoretically had one with Morocco since 1977, many Spanish trawlers have lain idle either awaiting fishing licences or demanding safeguards against armed aggression.

In the case of the EEC the agreement which came into effect at the beginning of April this year, 200 deep water licences and 280 shallow water or coastal shelf licences have been granted. Catch quotas were set at 15,000 tons and 31,000 tons respectively.

But the licences have been coming in dribs and drabs causing many units of Spain's northern fishing fleets to stay in port.

The Spanish Government regards both the number of licences and the catch quotas granted by the EEC as the best that could have been obtained. But Sr. Germán Alvarez-Castellanos, president of the Spanish Federation of Fishing Boats Owners, said the agreement was unsatisfactory.

Sr. Alvarez pointed to the size of the Spanish fishing community involved and said that the agreement was insufficient to guarantee the activity of the fleet.

The agreement with Portugal, signed last March, grants 517 licences to Spanish fishermen; a quarter of these for fishing in the six to 12-mile zone and the rest for the 12 to 200-mile zone including a number for the areas of the islands of Madeira and the Azores.

While the agreement appears to be generally satisfactory—no catch quotas are imposed because of a lack of proper studies on the maximum yields of the fishing grounds—there are restrictions on crustacean fishing. These must be kept to 10 per cent of the catch.

Eighteen Spanish trawlers were arrested and impounded by Morocco last February for allegedly fishing in restricted waters and using illegal techniques. They were released after the payment of heavy fines. Added to this there have been, since April 1977, nine attacks on Spanish trawlers off the western Sahara; the territory controlled in part by Morocco and formerly a Spanish colony.

The Algerian-backed liberation movement, Frente Polisario, is fighting for independence from Morocco and has declared war on boats that "usurp the region's natural resources."

Spanish trawler crews have been captured and held, some for six months, before their release. The worst incident occurred in November of last year when eight members of the Spanish trawler Cruz del Mar were murdered.

The Moroccan government's arrest of the 18 trawlers is not easily explained in purely fishing terms, according to Spanish sources. The 1977 fishing agreement between Spain and Morocco was approved by the Spanish Cortes in February 1978 but it has yet to be approved by the Moroccan parliament. In general it is considered to be highly favourable to Morocco since it provides for the setting up of joint Moroccan - Spanish fishing enterprises along with Spanish financial aid to the tune of some £25m as well as technological help.

Spain's Foreign Minister, Mr. Marcelino Oreja, recently stressed the need for self-determination in the region. This, coupled perhaps with Morocco's long-term claim to the two Spanish north African enclaves of Ceuta and Melilla would seem to have much to do with the dispute.

Plea for increased food aid

ROME—Aid is essential in strengthening the fragile food security of many developing countries which face rising import needs but have only limited capacity to finance them, Dr. Nurul Islam, assistant director-general of the UN Food and Agriculture Organisation, said yesterday.

Food production in developing countries as a whole is still growing too slowly, especially in Africa, he told the Committee on Food Aid Policies and Programmes of the World Food Programme which opened a two-week meeting.

Dr. Nurul Islam, who heads FAO's Economic and Social Policy Department, said lack of adequate stocks leaves most developing countries vulnerable to food shortages when crops fail.

Food aid in cereals has not yet reached the target of at least 10m tonnes annually that was agreed at the 1974 World Food Conference in Rome.

Last year there were so many natural disasters that requests for emergency assistance outstripped resources. He therefore appealed for "generous pledges" of contributions because failure to meet vital emergency needs would make the concept of world food security meaningless.

It was a matter of great concern, he said that the pledges announced for 1979-80 have so far reached only about 74 per cent of the target of $950m.

The World Food Programme channelled a record quantity of food to needy countries last year, but to continue to do so it must attain its target in the 1979-80 period, Mr. G. N. Vogel, executive director, emphasised to the conference.

Last year 1.2m toones of food, worth $409m, was delivered mainly to least-developed countries and others most seriously affected by balance-of-payments difficulties.

S. India tea output fell

NEW DELHI—South India Tea production in 1978 fell by 1.2m kg from the 1977 level of 131.2m kgs, the Minister of State, K. Goyal told parliament yesterday.

The Minister said the fall in production in 1978 was due to an extended monsoon, particularly between May and September. Since then production had picked up, he said.

In January and February this year production of tea in south India had registered an increase of 3.72m kg over the corresponding period of 1978.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground with sentiment influenced by the gains in gold and silver. Forward metal moved up to the day's high of £938 on the morning kerb with heavy buying from one quarter reported in the rings. However, in the afternoon the firmness of sterling against the dollar caused reversal to £928 on the late kerb. Turnover 21,100 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	925-.5	+6.75	919-20	+5.5
3 months	934.5-5	+5.5	931-.5	+6.75
Settl'm'nt	925.5	+6.5	—	......
Cathodes				
Cash	912.5	+7	903-5	+5
3 months	925-7	+8.75	913-5	+7
Settl'm'nt	913	+7	920.2	......
U.S. Smt.	—	......	*88-93.25	......

Amalg. Metal Trading reported that in the morning cash traded at £925.5, three months £933, 34, 35, 34, 34.5, 34, 33, 33.5, 34, 34.5, 35, 34.5. Cathodes three months £927, 26. Kerbs: Wirebars three months £935, 36, 37, 38, 37.5, 37. Afternoon: Wirebars three months £936, 35, 34, 33, 33.5, 34, 35, 32.5, 32, 31.5. Kerbs: Wirebars three months £931, 28, 29, 28, 26, 27, 26.5, 27, 26, 28.

TIN—Barely changed as a sharp fall in the Penang market and the firmness of sterling were offset by hedge buying against physical business in the U.S. Forward metal eased to £7,170 on the pre-market but rallied to £7,230 prior to closing the late kerb at £7,220. Turnover 1,810 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7460-90	+52.5	7430-40	—15
3 months	7240-90	+55	7210-40	+20
Settlem't	7490	+55	—	......
Standard				
Cash	7480-90	+52.5	7430-40	—12
3 months	7230-40	+50	7200-10	+55
Settlem't	7490	+55	—	......
Straits E.	‡$1945	—59	—	......
New York	—	......	—	......

Morning: Standard three months £7,200, 10, 20, 20, 30. Kerbs: Standard three months £7,230, 40. Afternoon: Standard three months £7,200, 5. Kerbs: Standard three months £7,205, 10, 20.

LEAD—Slightly firmer with forward metal closing the late kerb at £545.5 after being £550.5 in the morning rings, reflecting the gains in copper, gold and silver. Turnover 10,025 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	575-7	—2.5	575-.6	—2
3 months	547-.5	+2.5	547-.5	+3.25
Sett'ment	577	—3	—	......
U.S. Spot	—	......	*48	......

Morning: cash £581, 76, three months £550, 49.5, 49, 48.5, 48, 47, 47.5. Kerbs: three months £548, 47.5. Afternoon: cash £577, 78, 75, three months £549, 48.5, 49, 48, 48.5, 48, 47.5. Kerbs: three months £548, 46, 46.5, 47.

ZINC—Steady in quiet and routine trading with forward metal finally £395 on the late kerb after a day's high of £396 in the morning rings. Turnover 4,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	383.5-4	+1	382-4	+1
3 months	395.5-6	+1	395-6	+1
S'ment	384	+1	—	......
Prim.west	—	......	*37.5-9.5	......

Morning: cash £383.5, three months £396, 95, 94, 95, 95.5, 95.5. Kerbs: three months £396. Afternoon: three months £395. Kerbs: three months £395.5.

ALUMINIUM—Easier. After rising to £769 in the morning owing to the sharp gains in copper, forward metal fell back in the afternoon to close the late kerb at £766 following the strength of sterling against the dollar. Turnover 1,950 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	762-3	+11.5	758-60	—3.5
3 months	768-9	+5.5	765-6	—2.5

Morning: three months £768, 69, 68, 68.5. Kerbs: three months £768. Afternoon: three months £767, 66. Kerbs: three months £766, 63, 66.

NICKEL—Marginally firmer in subdued trading. Forward metal opened higher at £3,310 reflecting the overnight price increases by Inco and thereafter traded quietly prior to a close on the late kerb of £3,305. Turnover 366 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	3310-315	+67.5	3315-9	+24.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: three months £3,300, 10, 15, 10, 15. Kerbs: three months £3,305, 3,300. Afternoon: three months £3,300, 20, 15, 18. Kerbs: three months £3,305, 10, 3,300.

SILVER

Silver was fixed 8.6p an ounce higher for spot delivery in the London bullion market yesterday at 413.4p. U.S. cent equivalents of the fixing levels were: spot 846.8c, up 20.0c; three-month 867.6c, up 21.0c; six-month 883.4c, up 22.0c; and 12-month 915.3c, up 22.3c. The metal opened at 410½-411½p (841-843c) and closed at 410-411p (845-847c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	413.4p	+8.6	411.45p	+5.1
3 months	423.2p	+8.9	423.6p	+5.75
6 months	434.2p	+9.1	—	......
12 months	455p	+9	—	......

LME—Turnover 347 (181) lots of 10,000 ozs. Morning: Three months 426, 25.8, 5.9, 26, 6.2, 26, 25.9, 25.7, 6.7, 5.6, 5.8. Kerbs: Three months 427, 6.8, 6.7. Afternoon: Three months 424, 23.8, 3.5, 3.9, 24, 4.1, 23.8, 3.9, 3.8, 3.3, 23, 22.8, 2.5, 23, 3.1, 3.2, 3.5. Kerbs: Three months 423, 22.3, 2.5, 2.7, 2.8, 23, 3.2, 23.

COCOA

Cocoa futures were initially steady due to reports of unrest in Ghana but eased in late dealings to close at the day's lows, reflecting first-hand selling and some profit-taking, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	1661.0-1662	+18.0	1668.0-1650
July	1612.0-1613	+17.0	1642.0-1605
Sept	1633.0-1637	+11.5	1655.0-1625
Dec	1689.0-1691	—5.5	1722.0-1690
March	1710.0-1712	—8.5	1738.0-1718
May	1729.0-1745	—7.0	1759.0-1740
July	1755.0-1765	—5.0	1770.0-1760

Sales: 4,292 (694) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price May 14 149.50 (147.87). Indicator prices for May 15: 15-day average 149.18 (149.33); 22-day average 148.58 (148.40).

COFFEE

The market opened easier and traded in a narrow range in fairly thin trading conditions, reports Drexel Burnham Lambert. Prices continued to drift lower during the afternoon session with the market closing on the day's lows £18 to £20 down on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1611-13	—17.0	1623-11
July	1558-59	—18.0	1569-58
September	1548-49	—19.0	1564-48
November	1546-48	—18.5	1559-46
January	1539-41	—20.0	1560-48
March	1530-32	—17.5	1540-52
May	1515-27	—20.0	—

Sales: 2,311 (3,394) lots of 5 tonnes. ICO Indicator prices for May 14 (U.S. cents per pound). Colombian Mild Arabicas 155.00 (same). Unwashed Arabicas 152.00 (same); Robustas ICA 1968 148.50 (same); Robustas ICA 1976 149.67; other Mild Arabicas 151.33 (151.17). Composite daily average 146.11 (145.68).

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged to 15p lower. May wheat saw virtually no trade and values eased on lack of buying interest to close 75p lower. Old crop barley saw slightly better trading. Values eased initially to trade 50p lower on the day. The main volume was in new crops with good buying interest on any dips, particularly on barley—which at one stage traded 25p lower. Good buying interest at these levels rallied the market slightly and values closed unchanged to 10p down on wheat and 5p-15p lower on barley. Acli reports.

WHEAT			BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	100.55	+0.25	97.95	—0.15
Sept.	92.60	—0.1	87.50	—0.15
Nov.	95.45	—0.05	91.05	—0.05
Jan.	99.05	—0.1	94.45	—0.1
Mar.	102.15	......	97.65	—0.1

Business done—Wheat: May 101.25-101.25, Sept. 92.90-92.45, Nov. 95.75-95.25, Jan. 99.30-99.05, March 102.40-101.90. Sales 205. Barley: May 98.10-97.80, Sept. 87.90-87.45, Nov. 91.30-90.85, Jan. 94.70-94.35, March 97.80-97.55. Sales, 333.

HGCA—Locational ex-farm spot prices. Feed barley: N.E. England 100.20, Berks and Oxon 99.00.

The UK monetary coefficient for the week beginning May 21 (based on HGCA calculations) is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent May 93.50, June 93.50, July 93.00, sellers transhipment East Coast. U.S. Hard Winter 13½ per cent unquoted. EEC unquoted. Maize: U.S./French May 111.75, June 112.00 sellers transhipment East Coast. S. African White unquoted. S. African Yellow May 78.00 nominal. Barley: English feed fob May 104.00, June 105.00, Oct.-Dec. 93.50, Jan.-March 98.50. April-June 103.00, sellers transhipment East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for May 16 in order of current levy plus June, July and August premiums (with previous in brackets), all in units of account per tonne. Common wheat: 94.95 rest nil (98.15 rest nil). Durum wheat: 153.05, rest nil (153.05, rest nil). Rye: 101.51, rest nil (101.51, rest nil). Barley: 100.28, rest nil (100.28, rest nil). Oats: 100.81 rest nil (100.81, rest nil). Maize (other than hybrid for seeding): 97.96, 0.38, 0.38, 0.18 (97.58, 0.38, rest nil). Buckwheat: 0.76, rest nil (0.76, rest nil). Millet: 95.67, rest nil (95.67, 0.38, 0.38, 0.18). Grain sorghum: 99.83, rest nil (99.83, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 147.52 (152.01). Rye flour: 156.70 (156.70).

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 182 tonnes, bringing the total for the week so far to 721 tonnes. Although transactions were fewer, the call for supplies was by no means light and further interest was shown in numerous varieties. North and South American growths were in request, with additional support in Turkish and Russian.

RUBBER

STEADIER opening on the London physical market. Fair demand throughout the day, closing firm. Lewis and Peat reported the Malaysian godown price was 282½ (278) cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
June	61.50-61.75	61.20-61.40	62.00-61.10
July	62.90-63.20	62.70-62.90	63.80-62.90
Jy-Sept.	64.50-64.50	63.50-64.10	64.50-64.05
Oct-Dec	66.35-66.40	66.15-66.20	66.70-66.10
Jan-Mar	68.20-68.25	68.05-68.10	68.35-68.20
Apr-Jne	70.20-70.30	70.00-70.10	70.50-70.15
Jy-Sept.	72.25-72.50	71.95-72.00	72.25-72.10
Oct-Dec	74.40-74.45	74.05-74.20	74.40
Jan-Mar	76.50-76.55	76.20-76.40	76.55-76.50

Sales: 64 (4) lots of 5 tonnes; 314 (488) at 15 tonnes.

Physical closing prices (buyer) were: Spot 61p (60.5); June 63.3p (65.75); July 66p (65.75).

SOYABEAN MEAL

The London market opened unchanged and stayed in a narrow trading range, reported T. G. Roddick. Stronger sterling late in the session gave the market an easier turn.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	122.70-22.8	—0.75	122.90-22.60
August	123.60-23.7	—0.25	124.20-23.60
October	123.60-23.8	—0.2	—
December	124.50-25.5	+0.2	124.50
February	125.50-25.9	—0.1	126.00
April	125.50-27.5	......	—
June	126.50-28.5	......	—

Sales: 51 lots.

SUGAR

LONDON DAILY PRICE (raw sugar): £97.00 (£98.00) a tonne cif for May-June shipment. White sugar daily price was £105.00 (£106.00).

Initial trades were slightly below kerb levels but good support was apparent at the lows and prices soon lifted. Later currency factors aided the recovery and the market closed at the highs of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	104.65-04.70	104.50-04.55	104.75-03.50
Oct.	108.65-08.70	108.65-08.70	108.65-08.05
Dec.	112.55-12.70	112.50-12.55	112.80-12.10
March	117.50-17.70	117.25-17.30	117.50-17.00
May	120.10-20.20	120.10-20.15	—
Aug.	123.75-24.00	123.75-23.80	—
Oct.	127.25-27.75	127.25-27.75	—

Sales: 1,381 (1,073) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £167.50 (£168.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for May 14 7.83 (7.92); 15-day average 7.82 (7.81).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 105.25, 105.45, 105.00-104.50, 90; Sept. 108.45, 109.50, 109.50-109.00, 38; Nov. 112.15, 112.25, 112.25-111.75, 165; Feb. 119.00, 119.25, nil, nil; April 121.75, 122.75, nil, nil; July 125.00, 128.50, nil, nil; Sept. 128.75, 130.50, nil, nil. Sales: 331.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 58.0 to 62.0; Eire hindquarters 76.0 to 79.0, forequarters 43.0 to 45.0. Veal: Dutch hinds and ends 90.0 to 103.0. Lamb: English small new 84.0 to 94.0, medium 80.0 to 90.0. Imported frozen: NZ PM New Season 51.5 to 52.0. Hoggets: English 70.0 to 80.0; Scotch 38.0 to 80.0. Pork: English, under 100 lb 35.0 to 45.0, 100-120 lb 34.0 to 43.0, 120-160 lb 34.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on May 15. GB—Cattle 78.57p per kg.l.w. (+2.14). UK—Sheep 184.5p per kg.est.d.c.w. (−12.2). GB—Pigs 59.2p per kg.l.w. (−0.3). England and Wales—Cattle numbers down 15.8 per cent, average price 78.01p (+1.27). Sheep down 31.4 per cent, average 184.4p (−12.5). Pigs down 22.6 per cent, average 57.8p (−0.5). Scotland: Cattle down 23.2 per cent, average 80.82p (+4.81). Sheep up 7.7 per cent, average 187.5p (−1.7). Pigs up 5.4 per cent, average 61.7p (+0.4).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 3.90-4.15. S. African: Navels 56/150 4.20-4.50; Cyprus: 5.00-6.00; Moroccan: Valencia Lates 56/113 5.00-6.60; Spania: 5.50. Lemons—Italian: 100/120s 5.30-5.50; Spania: Trays 30/40/45 1.80-2.20; S. African: 5.00-5.50. Grapefruit—Cyprus: 3.00-5.00; Israeli: Jaffa 27/88 3.45-4.25; S. African: 30/64 3.20-3.60. Apples—S. African: Granny Smith 6.50-7.00, White Winter Pearmain 6.00-6.60, Dunn's 5.30-5.60, Golden Delicious 7.00-7.80; New Zealand: Cox's Orange Pippin ... Red Delicious 7.50, Sturmers 7.50; Jonathans 7.00-7.50.

PRICE CHANGES

(In tonnes unless otherwise stated.)

	May 15 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cst)	$1580-1600	......	$1,540/60
Copper			
Cash W'bar	£919.5	+5.5	£993
3 mth	£931.25	+6.75	£999.5
Cash Cathode	£904	+5.0	£993
3 mth	£921	+7.0	£994
Gold troy oz.	$254.375	+3.5	$232.125
Lead cash	£575.5	—2.0	£541
3 mth	£547.25	+3.25	£517.5
Nickel	£2728.73	......	£2,750.09
Freemkt(cif)lb	295/320c	+5.0	255/65c
Platin'm tr'y oz	£171	......	£159
Free mkt	£211.15	+2.85	£183.80
Quicksilver	$305/315	+10.0	$265/65
Silver troy oz	413.4p	+8.6	361.8p
3 months	425.5p	+9.1	360.95p
Tin cash	£7,435	—15.0	£7,010
3 mths	£7,205	+25.0	£6,985
Tungsten	$135	......	$137.32
Wolfrm 22.04cif	$135/42	......	$131/35
Zinc cash	£383	+1.0	£368.5
3 months	£395.5	......	£379.5
Producers	$800	+1.0	$800
Oils			
Coconut (Phil)	$1,085q	—15.0	$1,100
Groundnut			
Linseed Crude	£408	—2.0	£400
Palm Malayan	$560r	......	$660
Seeds			
Copra Philip	$720s	—10.0	$730
Soyabean (U.S.)	$303.75r	—3.0	$300
Grains			
Barley Futures	£87.50	—0.15	£87.35
Maize			
French No 3 Am	£111.75	+0.25	‡
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint.	‡		‡
Eng. Milling	£107.5a	......	£101.5*
Other commodities			
Cocoa ship't	£1,683	+12.0	£1,589
Future July	£1,612.5	+7.0	£1,532.5
Coffee F't'r July	£1,555.5	—19.0	£1,506
Cotton A'Index	*75.55c	—0.40	73.5c
Rubber kilo	61p	+0.5	60.25p
Sugar (Raw)	£97	—1.0	£93
Wooltp's 64s kl	281p	......	286p

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. x Per ton. x Indicator. § Buyer.

AMERICAN MARKETS

Gold slightly higher

NEW YORK, May 15.

AFTER TESTING recent contract highs silver failed to follow through and sold off sharply to finish lower on scattered trade and Chartist selling. Gold held steady to close slightly higher. Copper steadied on speculative buying. Sugar closed higher on light Commission House buying, Bache reports.

Cocoa—May 141.10 (140.00), July 142.65 (142.15), Sept. 145.25, Dec. 148.56, March 150.25, May 151.50, July 153.10, Sept. nil.

Coffee—"C" Contract May 151.75 (153.38), July 155.06 (157.00), Sept. 158.44, Dec. 155.17, March 152.25, May 151.15, July nil.

Copper—May 83.20 (82.20), June 83.70 (82.65), July 84.30, Sept. 85.20, Dec. 86.00, Jan. 86.10, March 86.40, May 86.65, July 86.90, Sept. 87.10, Dec. 87.30, Jan. 87.35, March 87.50.

Cotton—No. 2 July 628.0-629.5 (623.5), Oct. 641.0 (639.0), Dec. 633.5-634.0, March 640.5-642.0, May 649.8 bid-650.8 asked, July 660.0, Oct. 660.0 bid.

*Gold—May 254.40 (252.80), June 255.80 (254.20), July 258.00, Aug. 260.50, Oct. 265.20, Dec 270.00, Feb. 274.80, April 279.60, June 284.40, Aug. 289.30, Oct. 294.00, Dec. 298.80, Feb. 303.60.

Orange Juice—May 101.25 (101.25), July 103.15 (103.00), Sept. 104.35, Nov. 101.25, Jan. 98.80, March 99.40, May 99.90, July 100.48, Sept. 100.80.

Potatoes (round whites)—Nov. 63.0 (62.4), March 72.2 bid-72.5 asked (71.0), April nil, May 85.4-85.6.

*Platinum—May 434.00 (425.40), June 433.50 (426.10), July 432.00, Oct. 432.20, Jan. 433.30, April 434.70, July 436.70, Oct. 439.00.

Silver—May 835.20 (830.00), June 838.20 (842.00), July 845.00, Sept. 858.40, Dec. 876.60, Jan 882.60, March 894.20, May 905.80, July 917.40, Sept. 929.00, Dec. 947.20, Jan. 953.00, March 964.60. Handy and Harman spot 849.00 (832.40).

Sugar—No. 11 July 8.17 (8.02), Sept. 8.58 (8.43), Oct. 8.74, Jan. 9.09, March 9.48, May 9.74, July 9.92, Sept. 10.10, Oct. 10.22.

Tin—698.00-715.00 nom. Spot 698.00-715.00 asked (694.00-700.00).

CHICAGO, May 15.

Lard—Chicago loose 26.75 (same). New York prime steam not available.

Live Cattle—June 71.72 (72.22), Aug. 70.40 (71.50), Oct. 69.45, Dec. 70.20, Jan. 70.50, Feb. 71.02, April 71.45, June 72.60, Aug. 71.75, Oct. 71.40. Sales, 34,670.

Live Hogs—June 46.97 (46.97), July 48.65 (46.42), Aug. 43.32, Oct. 40.07, Dec. 41.00, Feb. 40.62, April 39.02, June 41.60, July 42.00. Sales: 6,892.

‡‡Maize—May 257¾ (259¾), July 264-263¾ (266¼), Sept. 267½, Dec. 270¾, March 277¼-278, May 284.

Plywood—May 197.5 (196.7), July 198.5-198.4 (199.0), Sept. 199.7, Nov. 198.00, Jan. 200.00, March 202.4, May 203.5, July 203.00, Sept. 203.00.

Pork Bellies—May 50.85 asked (50.92), July 50.85-50.80 (50.40), Aug. 48.90-48.50, Feb. 51.55-51.85, March 51.15 asked, May 51.85 asked, July 52.55 asked, Aug. 51.25-50.55 asked bid. Sales—8,312.

Silver—May 833.0 (842.8), June 836.0-838.0 (847.3), July 842.5, Aug. 850.0-848.0, Oct. 860.0, Dec. 875.0-875.5, Feb. 885.0, April 896.0, June 907.0, Aug. 918.0, Oct. 929.5, Dec. 941.0, Feb. 954.5, April 966.0, June 977.5, Aug. 989.0, Oct. 1000.5, Dec. 101.2, Feb. 1012.4 nom.

Shell Eggs—May 52.40 (52.10), June 52.50 (52.50), July nil, Aug. nil, Sept. 57.95 bid, Oct. 56.90, Nov. 61.40, Dec. nil. Sales, 89.

‡Soyabeans—May 713-713½ (711¾), July 729¼-728 (727), Aug. 733½-734, Sept. 726½, Nov. 717-718, Jan. 727-728, March 738-738½, May 746-746½.

‡Soyabean Meal—May 187.30-187.50 (186.70), July 192.60-192.80 (192.10), Aug. 194.60-194.80, Sept. 194.20-195.00, Oct. 192.60, Dec. 194.20-194.10, Jan. 195.00-195.30, March 198.00-198.30, May 199.30-198.00, July 200.30-201.50.

Soyabean Oil—May 25.55-25.60 (25.44), July 25.82-25.90 (25.78), Aug. 26.00, Sept. 26.05-26.02, Oct. 25.95, Dec. 25.85-25.90, Jan. 25.90, March 26.00, May 26.05, July 26.05.

‡Wheat—May 372 (377½), July 372-372¼ (376¼), Sept. 374½, Dec. 385, March 393, May 392½-393.

WINNIPEG, May 15.

§Rye—May 110.00 asked (112.00 asked), July 111.10-111.50 (113.00), Oct. 111.40-111.30, Dec. 109.40 asked.

§Barley—May 105.00 bid (104.20), July 95.30 asked (94.90), Oct. 92.90 bid, Dec. 91.70 bid, March 91.70 bid.

§Oats—May 95.70 bid (95.00), July 91.00 (89.00), Oct. 87.20 bid, Dec. 87.20 bid, March 87.00 bid.

§Flaxseed—May 322.00 asked (322.80 asked), July 317.00 asked (316.80), Oct. 305.00, Nov. 305.00 bid, Dec. 292.50 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 194.60 (196.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, May 15.

Wheat—U.S. No. Two Dark Hard Winter wheat ... U.S. No. Two Northern Spring ... Maize—U.S. No. Three Corn Yellow ... Soyabeans—U.S. Two Yellow Gulfports ... Soyameal—44 per cent protein U.S. ... Brazil Yellow ... Brazil pellets ...

PARIS, May 15.

Cocoa (FFr per 100 kilos): July 1415/1425, July 1430 bid, Sept. 1471/1474, Dec. 1495/1500, March 1500/1510, May 1505/1530. Sales at call nil.

Sugar (FFr per 100 kilos): July ... Sales at call nil.

INDICES

FINANCIAL TIMES

May 15	May 14	M'nth ago	Year ago
276.16	276.16	272.30	245.12

(Base: July 1, 1952=100)

MOODY'S

May 15	May 14	M'nth ago	Year ago
1065.0	1057.4	1049.7	918.5

(December 31, 1931=100)

DOW JONES

Dow Jones	May 15	May 14	Month ago	Year ago
Spot	392.52	391.88	388.27	359.18
F'tur's	395.63	396.21	385.86	358.18

(Average 1924-25-26=100)

REUTERS

May 15	May 14	M'nth ago	Year ago
1566.1	1563.8	1540.2	1465.8

(Base: September 18, 1931=100)

Inflationary pressures continue to worry Gilt-edged but equities attempt to rally on Queen's Speech

Account Dealing Dates

Options

*First Dealings	Declara-tions	Last Dealings	Account Day
May 8	May 17	May 18	May 30
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26

* "New time" dealings may take place from 9.30 am two business days earlier.

Diverse trends emerged in stock markets yesterday as leading shares staged a modest rally after the recent progressive fall from record levels. Government stocks, in contrast, continued to reflect concern about the upward pressures on the rate of inflation by registering falls for the sixth successive trading session.

Equities were marginally easier at the outset, but small investment demand and a limited amount of bear-covering was encouraged by the imminence of the new administration's outline plans for the economy. Conditions were also helped by confirmation of another major rights issue, in the shape of the UDS capital call for £35½m, talk of which had contributed to Monday's dullness.

The Queen's Speech, which did little more than reiterate the Conservative's election manifesto, was deemed slightly disappointing and in the afternoon leading issues came away from the best levels; the FT 30-share index, 3.5 higher at 2 pm, closed with a net gain of 2.4 at 526.4.

Business overall ranked with the previous day's meagre standard, official markings totalling 4,019 as against Monday's 3,954. Few individual sections warranted mention apart from Oils which again traded briskly but failed to hold a recovery and settled easier still on fears of increased taxation on North Sea oil revenues. Composite Insurances reacted further following Commercial Union's three-monthly returns.

Longer-dated British Funds began lower and were soon showing fresh losses extending to ⅞, but the tendency steadied ahead of, and after, the Queen's Speech. The improved tone revived buyers' interest which expanded later on sterling's marked turn for the better and after-hours' quotations recovered a little more to end around ⅛ down on balance.

South African Gold shares forged higher in the wake of the peak bullion price, in turn responding to the International Monetary Fund's decision to reduce the amount of gold offered at its monthly auctions.

Institutional buyers were more ready to absorb further offerings of investment currency released by the Hudson's Bay bid situation and rates fluctuated between 55 and 52½ per cent before settling at around the overnight premium of 53½ per cent. Yesterday's SE conversion factor was 0.8266 (0.8237).

A total of 1,404 contracts were arranged in Traded options against the previous day's 929. Consolidated Gold, 286, Shell, 259 and RTZ, 156 attracted most demand.

Com. Union down

Following Royals' shock setback in first-quarter profits announced last week, yesterday's first-quarter figures from Commercial Union showing heavy underwriting losses came as no real surprise, but the shares were marked down from 170p earlier to 163p before closing a net 4 down on balance at 164p. General Accident, which report today, finished a further 6 off at 238p, after 240p. Other Composites reacted in sympathy and Sun Alliance lost 10 to 636p, while Phoenix cheapened 4 to 264p, Eagle Star 5 to 167p and Royals 2 more to 390p. Among Lloyds Brokers, C. E. Heath rose 6 to 236p in response to the highly satisfactory annual results.

The volume of business in the major clearing banks left much to be desired and quotations drifted lower on lack of interest. Lloyds closed 4 off at 338p. Allied Irish hardened 2 to 202p in front of today's preliminary results. Standard Chartered were quoted at 503p, ex the £76m rights issue, while the new nil-paid shares opened at 52p premium and eased to 46p before closing at 50p premium. Other overseas issues were dull with ANZ 15 down at 290p.

Breweries displayed a narrowly firmer bias although business was negligible. Allied, helped by the chairman's confident statement, put on 2 at 99p. Scottish and Newcastle continued firm with a rise of 1½ to 69½p. Among the regional brewers, Morland, 105p, and Matthew Brown, 170p, slipped 2 and 4 respectively ahead of forthcoming interim announcements.

Leading Buildings steadied mid-session after an initial downdrift and closed little changed on balance. French Kier firmed 3½ to 41p following favourable comment on the annual results and Brown and Jackson picked up 10 more to 660p in a thin market. Watts Blake Bearne, at 170p, relinquished 5 of the previous day's gain of 15, but Aberthaw Cement added 6 for a two-day improvement of 10 to 142p.

Easier at the outset, ICI improved to 395p before lack of follow-through support left a net fall of 2 at 390p.

UDS dip and rally

The announcement by UDS of a proposed £35½m rights issue with the results and property revaluation at the start of business came as no real surprise following overnight speculation, but the shares immediately dipped 4 to 104p before rallying late to close only a net 2 easier on balance at 108p. Renewed profit-taking clipped 8 from Burton A at 296p, while W. H. Smith A relinquished 4 to 190p and Marks and Spencer softened 2 to 119p. Mothercare resisted the trend, rising 6 to 178p. Buying in a thin market ahead of today's preliminary results prompted a rise of 7 to 300p in Lee Cooper, while NSS Newsagents rose 3 to 134p in response to the increase in first-half earnings. Still reflecting the record profits, Millets Leisure gained 4 more to 196p. Empire receded 8 to 248p and Audiotronic remained on offer at 10p, down a penny.

Still reflecting Press publicity given to a broker's recent circular, Racal encountered further demand and put on 15 to 490p. Other bright spots in the Electrical sector included Farnell, 7 to the good at 540p, and Wholesale Fittings, 10 higher at 355p. In contrast, Decca gave up 3 to 345p, while falls of 5 were marked against Kode, 226p, and Louis Newmark, 216p. GEC closed a shade better at 431p, after 428p.

Apart from Tubes, which eased afresh to 404p on the chairman's profits warning before closing 3 off on balance at 410p, leading Engineerings rarely strayed far from overnight closing levels. Elsewhere, Mining Supplies met support and put on 6 to 90p, while a revival of bid hopes stimulated demand for Averys which gained 8 to 260p. Concentric responded to the good interim results with a rise of 3½ to 44p and favourable Press mention lift Lake and Elliot 1½ to the good at 57p.

RHM's better-than-expected interim profits were counterbalanced by the board's gloomy statement on the trading outlook and the price held at 47½p. Other Foods usually recovered to overnight levels after an easier opening, Tesco, at 75p, relinquished 1½ more of its recent speculative gain. Rowntree Mackintosh found support and improved 6 to 442p. Other firm spots included Bluebird Confectionery and Somportex which added 3 apiece to 80p and 73p respectively.

Technical influences prompted a modest rally in Trust Houses Forte which, at 174p, picked up 3 of Monday's loss of 12. Down to 185p in immediate reaction to the £11½m acquisition of the Westmorland Hotel, Ladbroke rallied to unchanged on balance at 200p.

English China better

Miscellaneous industrial leaders plotted an irregular course in thin trading. A reappraisal of Unilever's first-quarter profits performance prompted a reaction of 8 to 630p. Metal Box cheapened 4 to 334p, Boots gave up 3 to 219p but Pilkington recovered 5 to 380p. Trafalgar House responded to the better-than-expected annual results with a rise of 4 to 81p; the price in yesterday's issue was incorrect. Elsewhere, English China Clays added 5 to 89p in belated response to Press comment and Polymark International firmed a similar amount to 65p on further consideration of the record results. I.A.S. Cargo added 6 to 109p in a thin market, while improvements of 7 and 5 respectively were recorded in Booker McConnell, 365p, and Sotheby's, 363p. Dunbee-Combex picked up 4 to 60p as did Davies and Newman, to 170p.

Few movements of note were seen in quiet Motors. Godfrey Davis hardened slightly to 126½p on news that Rothschild Investment Trust holds a 21.5 per cent stake in the company. Jessups eased a penny to 55p in front of today's half-yearly figures, while Rolls-Royce gave up ½ at 84½p, little affected by the possible cancellation of sizeable Arab engine contracts.

International Thomson fell 7 for a two-day loss of 18 to 377p on a revival of fears about increased tax on North Sea oil companies. Elsewhere, Moore O'Ferrall, a good market of late on the excellent full-year results, met profit-taking and eased 4 to 143p.

Second thoughts about the sale of its French subsidiary left Bernard Sunley 13 off at 370p. Other Properties traded quietly and displayed small mixed movements, mostly on technical influences. Elsewhere, further consideration of the annual results lifted Estates and General Investments 2 to 37½p and, in a thin market, Property Partnerships added 7 to 175p.

Oils charted an erratic course before closing with fresh losses. Trading, however, was more two-way than of late and conditions became steadier at the close. British Petroleum were inclined easier at the start, but rallied to 1110p before reacting afresh to close 14 off at 1096p, while Shell settled at 745p for a loss of 3 after having been down to 730p. Among secondary issues, Siebens (UK) gave up 10 to 314p.

In Overseas Traders, Lonrho found support and rose 4 to 80p.

Hopes of an increased offer from British and Commonwealth stimulated demand for Common Bros., which closed 12 to the good at 222p. Elsewhere in the Shipping sector, Furness Withy hardened a penny more to 296p and P. and O. Deferred improved 1½ to 87½p. On the other hand, Walter Runciman closed 3 down at 69p on the annual loss.

Among Financial Trusts, Fashion and General, which has a stake in Furness Withy, moved up 12 to 170p.

Textiles remained subdued, although Coats Patons firmed 3½ to 71p following better-than-expected annual results. Moving in sympathy, Courtaulds, due to report on Thursday week, added 2 to 108p. Among secondary issues, worsted cloth manufacturers Hield Bros. eased a penny to 10½p on the preliminary statement.

South African Golds moved ahead for the ninth time in ten trading days in the wake of the continuing buoyancy of the bullion price.

The latter was finally $3.50 better at an all-time closing peak of $254.875 an ounce in front of the U.S. Treasury gold auction of 750,000 ounces and following the International Monetary Fund's decision to cut the amount of gold on offer at its monthly auctions from June onwards to 444,000 ounces from the current 470,000 ounces.

A 3.6 rise to 170.0 pushed the Gold Mines index to its highest level since March 13, while the ex-premium index, 3.4 up at 140.5, attained its best level since January 7, 1976.

Buying of golds was persistent and widespread with Continental, Johannesburg and London interest in the morning being followed by a strong American demand in the afternoon.

Most of the interest was again centred on the medium and lower-priced issues, although in the heavyweights Vaal Reefs were outstanding with a ½ improvement to £161.

Of the cheaper stocks, new 1979 highs were registered by Venterspost, 25 up at 271p, Deelkraal, 11 better at 159p, and Elandsrand, 15 to the good at 336p.

The strength of both gold and gold shares prompted similar gains in South African Financials. New highs for the year were seen in General Mining, which gained 15 more to 495p, Anglo American and Union Corporation both 10 firmer at 393p and 400p respectively, and UC Investments, which put on 8 to 294p.

"Johnnies," a half-point up at £17½, were additionally boosted by the firmness of the free market platinum price and platinum shares. In the latter section Rustenburg rose 7 to 149p and Impala 3 to 208p.

Far Eastern buying lifted Malaysian Tins where gains of 10 were common to Ayer Hitam, 325p and Tronoh, 270p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	70	1	102	1	122	—	1099p
BP	1200	30	32	70	—	90	—	"
BP	1300	11	48	40	—	60	—	"
Com. Union	140	34	0	38	—	—	—	164p
Com. Union	150	16	8	21	—	—	—	"
Com. Union	180	4	61	7	1	11	1	"
Com. Union	200	1	2	4	—	8	—	"
Cons. Gold	200	44	16	49	—	—	—	239p
Cons. Gold	220	25	24	33	43	56	—	"
Cons. Gold	240	28	27	23	12	45	—	"
Cons. Gold	300	18	85	29	12	34	—	"
Courtaulds	100	13	16	15	8	10	—	109p
Courtaulds	110	7	20	10	13	11	1	"
Courtaulds	120	3½	0	3½	—	10	—	"
GEC	330	66	—	86	6	110	—	431p
GEC	420	43	—	61	—	67	—	"
GEC	460	22	7	39	6	81	1	"
Grand Met.	130	29	—	32	—	—	—	156p
Grand Met.	140	22	—	28	30	—	—	"
Grand Met.	160	10	12	17	—	20	—	"
Grand Met.	180	6	1	10	—	16	—	"
ICI	420	9	1	18	—	32	—	391p
Land Secs	260	64	15	64	—	—	—	304p
Land Secs	300	28	1	35	—	55	—	"
Land Secs	330	11½	5	24	—	38	—	"
Marks & Sp.	100	24	—	27	25	—	—	120p
Marks & Sp.	110	10	87	21	0	20	—	"
Marks & Sp.	120	12	3	18	8	21	—	"
Marks & Sp.	130	7	34	13	—	17	—	"
Shell	650	130	—	140	21	—	—	746p
Shell	700	82	6	98	—	126	—	"
Shell	750	52	5	65	68	87	—	"
Shell	800	28	18	48	125	77	19	"
Totals			649		278		19	—
		May		August		November		
BOC Intl.	80	3	1	10	23	11½	20	80p
Boots	220	7	26	17	—	27	—	220p
Boots	240	1	—	0	29	17	20	"
EMI	100	12	—	22	—	28	11	107p
EMI	110	7	—	17	13	23	—	"
EMI	120	3	—	11½	17	18	22	"
Imperial GP	100	4½	—	8½	2	12	—	101p
Imperial GP	110	1½	—	6	17	7	—	"
RTZ	330	9	26	37	94	63	—	529p
RTZ	360	3	—	24	25	44	10	"
Totals			53		221		83	"

FINANCIAL TIMES STOCK INDICES

	May 15	May 14	May 11	May 10	May 9	May 8	A year ago
Government Secs.	73.11	73.45	73.79	73.62	[illegible]	[illegible]	[illegible]
Fixed Interest	76.86	76.14	76.55	[illegible]	[illegible]	[illegible]	[illegible]
Industrial	528.4	525.4	533.6	532.7	[illegible]	[illegible]	[illegible]
Gold Mines	170.0	166.4	157.1	154.3	[illegible]	[illegible]	[illegible]
Gold Mines (Ex-$ pm)	140.5	137.1	131.1	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	5.57	5.56	5.48	5.48	[illegible]	[illegible]	[illegible]
Earnings Yld. % (full)	14.94	14.93	14.70	14.60	14.43	[illegible]	[illegible]
P/E Ratio (net) (*)	8.63	8.61	8.74	8.80	[illegible]	[illegible]	[illegible]
Dealings marked	4,019	3,954	4,528	4,625	5,445	7,042	[illegible]
Equity turnover £m.	—	75.69	91.65	81.21	106.36	159.30	[illegible]
Equity bargains total	—	14,653	15,594	14,611	19,363	23,253	[illegible]

10 am 522.6. 11 am 525.9. Noon 525.6. 1 pm 525.5. 2 pm 528.9. 3 pm 527.3.

Latest index 01-246 8026.

*Nil=6.33.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.81 (4/5)	64.64 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (8/5)	66.03 (18/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	183.8 (2/3)	129.9 (17/4)	442.3 (22/5/75)	43.0 (26/10/71)
Gold Mines $ (Ex-pm)	140.5 (15/5)	93.2 (2/1)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	May 15	May 14
—Daily		
Gilt Edged	92.8	[illegible]
Industrials	197.5	[illegible]
Speculative	32.8	[illegible]
Totals	81.9	[illegible]
5-day Av'ge		
Gilt Edged	93.5	100.2
Industrials	164.1	[illegible]
Speculative	35.0	[illegible]
Totals	101.6	[illegible]

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (68)

BUILDINGS (4)
Brown & Jackson, Mallinson-Denny, Countryside, Warrington

STORES (3)
Home Charm, NSS News., Millets Leisure

ELECTRICALS (3)
Bowthorpe, Wholesale Fittings, Newman Inds.

ENGINEERING (5)
Cohen (A.), Mining Supplies, Concentric, Turriff, Greenbank

FOODS (1)
Somportex

INDUSTRIALS (15)
Amber Inds., IAS Cargo Air., Arenson (A.), Le Bas (Edward), Bestobell, Morgan Crucible, Clarke (Clement), Polymark, Davies & Newman, Provl. Laundries, Flexo, [illegible], Fogarty (E.), Riley (E. J.), G.R. (Hldgs.), Royal Worcester

LEISURE (1)
Horizon

NEWSPAPERS (2)
Marshall Cavendish, Pearson Longman

PAPER (1)
Transparent Paper

PROPERTY (2)
Clarke Nickolls, Property Partnerships

SHIPPING (2)
Brit. & Comm., Reardon Smith A

SOUTH AFRICANS (1)
S.A. Brews.

TEXTILES (2)
Blackwood Morton, Textured Jersey

TRUSTS (8)
Aberdeen Invs., M. & G. 2nd Dual Inc., Atlas Inv., [illegible], Dualvest Inc., Fashion & Gen., M. & G. Dual Inc., M. & G. Hldgs.

RUBBERS (2)
Bertam Cons., Cons. Plants.

MINES (16)
Grootvlei, Anglo American, Marievale, Cons. Gold Fields, S. African Land, General Mining, Blyvoor., U.C. Invest., Deelkraal, Union Corp., Elandsrand, Falcon, Kloof Gold, Idris, Venterspost, Pengkalen

NEW LOWS (50)

AMERICANS (21)
Barnes Group, Exxon, Bendix Corp., Fluor Corp., Borg-Warner, Honeywell, Brunswick Corp., Ingersoll-Rand, Burroughs Corp., Kaiser Aluminium, Caterpillar, Rexnord, Chrysler, Richardson Merrell, City Inv., Saul (B. F.), Colt Inds., Sperry Rand, Cont. Ill., [illegible], Texaco

CANADIANS (4)
Bank of Montreal, Rio Algom, Bank of Nova Scotia, Seagram

BANKS (2)
Credit France, Wells Fargo

BUILDINGS (3)
Brocklehurst, Lafarge S.A., Jennings

STORES (1)
Audiotronic

ENGINEERING (1)
Hunt & Moscrop

INDUSTRIALS (4)
Avon Rubber, Monsanto 5pc 82-88, Continental Group, Occ. Finance Cv.

INSURANCE (1)
Travelers

MOTORS (1)
Rolls-Royce

TRUSTS (6)
Jersey Ext. Pf., Rolinco NV, Robeco Sub. Shs., Do. Sub. Shs., U.S. Trust Fund, W. Coast & Texas

OILS (2)
Sceptre Res., Woodside, Siebens (UK)

TEAS (2)
Blantyre, [illegible]

MINES (1)
Paringa

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	77	3
Corpns., Dom. and Foreign Bonds	6	22	38
Industrials	243	273	848
Financial and Prop.	80	154	273
Oils	10	18	10
Plantation	9	3	18
Mines	72	26	44
Others	10	77	46
Totals	432	703	1,278

APPOINTMENTS

C. T. Bowring executive posts

Mr. P. L. Wroughton, Mr. M. E. Jenner, Mr. J. B. Davies and Mr. P. F. Hook have been appointed directors of C. T. BOWRING AND CO. Mr. K. Batchelor is to become director of operations of C. T. Bowring (Insurance) Holdings from July 1 and Mr. Wroughton will be chairman and Mr. Jenner chief executive of C. T. Bowring and Co. (Insurance) from that date.

★

Mr. A. J. Philpott, a director of ELLIS AND GOLDSTEIN (HOLDINGS), is to become chairman at the end of June on the retirement of Mr. William Goldstein.

★

Mr. Julian R. Martin Smith and Mr. Angus J. B. Ogilvy have been appointed additional directors of the LONDON TRUST COMPANY.

★

Mr. D. N. Green and Mr. P. J. Neill have now joined the Board of the TALBEX GROUP. Mr. J. H. J. Lewis has resigned from the Board.

★

Mr. Peter Probert has been appointed head of marketing and information in the MANPOWER SERVICES COMMISSION in succession to Mr. A. P. Dignum who has resigned. Mr. Probert is on temporary loan from the Central Office of Information, pending a permanent appointment which will be made within the next few months.

★

Mr. M. F. Dowding, immediate past president of the Metals Society, has been appointed a director of N. M. ROTHSCHILD AND SONS (INTERNATIONAL).

★

Mr. Brian N. C. Jones has been appointed to the Board of CREDIT INSURANCE ASSOCIATION and will have responsibility for Leeds and Birmingham branches. Mr. D. Elsden has been appointed branch director of the Leeds branch. Mr. A. H. Oscroft has been appointed to the Board of INVESTMENT INSURANCE INTERNATIONAL (MANAGERS). Both companies are part of the Hogg Robinson Group.

★

UNITED STANDARD INSURANCE COMPANY and VIGILANT ASSURANCE COMPANY state that their chairman, Mr. R. J. W. Crabbe, wishes to retire from the Boards on his 70th birthday on June 22, and that Mr. D. H. Radley will succeed him as chairman of the two companies. Mr. J. D. Fox has been invited to join the Boards of the United Standard and Vigilant from June 22.

★

Mr. Robert Durston has been appointed financial director to HUNTER DOUGLAS. He was previously business manager with Clark International Marketing SA.

★

Mr. A. P. Bird, managing director of the Bird Group of Companies has been elected president of the BRITISH SCRAP FEDERATION, succeeding Mr. J. E. C. Wheatley.

THOS. R. MILLER AND SON (HOLDINGS) is forming a subsidiary to be called Thos. R. (Energy Insurance Services). Mr. P. F. Worlidge will be managing director of the company and Mr. R. M. Treble a director. Other directors will be Mr. P. N. Miller, Mr. R. B. Tiley and Mr. P. M. Stone.

★

Mr. Colin H. Spearing, former group chief engineer of Schweppes, has been appointed managing director of PROTECON UK. Mr. R. A. Smith relinquishes his post as acting managing director, but remains on the Board as deputy chairman.

★

Sir Gwilym Williams has been appointed to the agricultural committee of the PROPERTY GROWTH ASSURANCE COMPANY. Sir Gwilym is a former president of the National Farmers Union and has been a member of numerous NFU specialist committees at various times since 1949, when he was first elected a union council member.

★

Mr. Peter A. Burt, a manager, international division, BANK OF SCOTLAND, has been appointed an assistant general manager, international division.

★

Mr. William W. Wyndham has been appointed legal adviser of ESSO CHEMICAL. He was company secretary of Formica International from 1975 to 1977.

Mr. N. W. H. Ferguson, pension fund investment manager of Imperial Group, has been appointed a director of WESTERN PROVIDENT ASSOCIATION and a member of its investment sub-committee.

★

Mr. Jim Richardson has been elected vice-president of the NATIONAL ASSOCIATION OF TEACHERS IN FURTHER AND HIGHER EDUCATION from the end of this month.

★

Mr. R. W. Hall, group secretary, and Mr. S. T. Gainher have been appointed directors of CHRISTOPHER MORAN AND COMPANY. Mr. G. C. Cooper resigns as a director and leaves the company on May 31.

★

Dr. Keith A. Upton has been appointed technical director of WARD BROTHERS (SHERBURN). He was previously vice president engineering at Emco Wheaton International, a Canadian company manufacturing fluid handling equipment for the oil and chemical industries.

★

Mr. Patrick Jenkin has resigned from the Boards of TILBURY CONTRACTING GROUP and ROYAL WORCESTER following his appointment as Secretary of State for the Social Services.

★

Mr. Henry Robb, chairman of ROBB CALEDON SHIPBUILDERS, has resigned from the company to pursue private business interests. Mr. Robb, who is grandson of the founder of the company, which was nationalised in 1977, said his departure did not indicate any disagreement with British Shipbuilders or dissatisfaction with the way the industry was being run. His replacement as chairman will be Mr. Amos Sutcliffe, at present managing director of Robb Caledon's Dundee division.

★

Mr. William Flavell has been appointed general manager of the newly reorganised LORD'S BANQUETING AND CONFERENCE CENTRE, St. John's Wood, London, and Miss Jill Mockridge has been made sales promotion manager.

★

Mr. Geoffrey W. Ward has been elected president of the FEDERATION OF BRITISH HAND TOOL MANUFACTURERS in place of Mr. J. J. Jewitt.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Shell Transport	25p	15	745	−3	804	556
Racal Electronics	25p	9	490	+15	493	337
Tricentrol	25p	9	212	−2	244	136
BP	£1	8	1096	−14	1238	882
Ladbroke	10p	8	200	—	243	167
Robeco Sub. Shs.	Fl.5	8	455	−5	565	455
Trust Houses Forte	25p	8	174	+3	198	127
UDS	25p	8	108	−2	124	85
GEC	25p	7	431	+1	456	311
RTZ	25p	7	326	—	362	226
Barclays Bank	£1	6	452	—	514	360
Courtaulds	25p	6	108	+2	122	102
ICI	£1	6	390	−2	415	346
Lloyds Bank	£1	6	338	−4	360	272
Standard Chartered "New"	Nil/pd.	6	50pm	—	52pm	46pm

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21
May 30	Jun. 11	Aug. 23	Sept. 4

For rate indications see end of Share Information Service

Increased activity in the option market saw calls dealt in Ladbroke and the Warrants, Tricentrol, CapperNeill, Selincourt, KCA, Renwick, C.H. Inds., Corah, Tesco, Coats Patons, Hugh Mackay, Chloride, Grand Metropolitan, Town and City, EMI, Burmah, Debenhams, Lonrho, Caplon Profile, Siebens (UK), Celtic Haven, Lasmo, Bambers, Premier Oil, Cons. Gold, Howard and Wyndham, Plessey and P & O. No puts were reported, while a double option was arranged in Plessey.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. ρ. or Amount	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	—	188	157½	††Baker (John)	188		12.0	—	8.5	—
‡‡	F.P.	—	67½	43½	Bank Bridge 10p	43½	−2	—	—	—	—
••	F.P.	16/2	187	118	Hunting Assoc. Defd.	187	+1	—	—	—	—
••	F.P.	6/0	103	96	Pentos Defd.	100	−3	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¼	F.P.	—	92¼	89⅛	Cleveland (County of) Var. Rate 1984	89⅛	......
‡‡	—	—	53⅛	52⅛	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53⅛	......
§100	F.P.	4/5	106½p	103p	Grant (James) 10¼% Pref.	105p	−1½
20p	F.P.	11/5	21¼p	19½p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	19½p	−¼
98	£60	23/5	65	52⅛	ICFC 12½% Uns Ln 1992	63	−1
‡	F.P.	27/7	102	99	Lee Valley Water 8% Red. Prf. 1988	102	......
••	—	11/6	105p	104p	Lyles (S.) 11% Cum. Pref.	104p	......
72½	—	—	81	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	77½	−½
100	F.P.	11/5	118½	111	Slough Ests. 8% Cnv. 1991-94	118	+1
••	F.P.	26/4	180p	104p	Tricoville 10¼% Pref.	104½p	......

"RIGHTS" OFFERS

Issue Price p‡	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p‡	+ or −
12	F.P.	27/4	18/5	20½	16½	Armour Trust	18	......
185	F.P.	3/6	8/6	257	222	Beatson Clark	250	−1
20	Nil	18/6	8/6	234pm	212pm	Brent Chemicals	230pm	−3
20	F.P.	27/4	1/6	113	92	Crest Nicholson	106	......
25½	F.P.	14/5	8/6	35½	30½	Davis & Metcalfe 'A'	32	......
12	Nil	—	—	2¼pm	2pm	Hampton Trust	2¼pm	......
185	F.P.	23/3	18/3	256	210	Johnson Matthey	203	......
5p	F.P.	—	—	12	8	Maddock	10	......
34	F.P.	24/4	12/6	62pm	49pm	Norfolk Cap. Hotels	49pm	......
4	F.P.	19/4	31/5	74pm	64pm	Park Place Invs.	64pm	......
—	—	—	—	8pm	7pm	Putman (R. & J.)	7pm	......
20	F.P.	27/4	13/6	32	27½	Singlo Holdings	29	−½
155	Nil	—	—	52pm	46pm	Standard Chartered Bank	50pm	......
173	Nil	23/6	4/7	74pm	46pm	Tricentrol	46pm	......
100	F.P.	27/4	18/0	128	115	Unicorn Inds.	127	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. p Assumed dividend and yield. u Forecast on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues., May 15, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., May 14 Index No.	Fri., May 11 Index No.	Thurs., May 10 Index No.	Wed., May 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	276.12	+0.2	15.25	5.04	8.71	275.61	278.84	279.29	281.51	213.93
2	Building Materials (27)	258.45	+0.1	15.60	5.32	8.58	258.28	262.48	262.63	264.81	192.52
3	Contracting, Construction (28)	426.56	+0.3	18.72	4.95	7.34	425.27	431.50	432.76	439.19	344.83
4	Electricals (14)	672.32	+0.4	11.56	2.84	11.87	669.44	675.25	676.95	679.92	447.09
5	Engineering Contractors (12)	407.37	+0.2	17.63	5.82	7.25	406.48	409.90	408.83	414.10	321.95
6	Mechanical Engineering (75)	203.20	—	16.59	5.69	7.90	203.28	205.89	206.19	207.82	171.36
8	Metals and Metal Forming (16)	184.43	+0.2	17.04	8.43	7.43	184.09	185.71	186.15	187.77	168.77
	CONSUMER GOODS										
11	(DURABLE) (52)	252.58	+0.8	13.95	4.31	9.53	250.51	252.40	252.30	255.07	197.51
12	Lt. Electronics, Radio, TV (16)	344.90	+1.3	10.97	3.07	12.88	340.42	341.98	341.61	345.48	230.60
13	Household Goods (12)	175.10	—	15.81	6.90	8.46	175.02	176.76	176.76	177.62	176.55
14	Motors and Distributors (24)	129.11	−0.1	20.26	6.51	6.12	129.24	130.99	131.12	132.65	126.68
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	255.83	−0.1	14.24	5.17	9.08	255.97	259.27	259.86	263.07	205.59
22	Breweries (14)	293.85	+1.1	12.98	5.12	9.77	290.67	294.18	295.14	298.10	239.60
23	Wines and Spirits (6)	328.63	+0.3	14.30	4.55	10.19	327.57	330.23	332.87	336.82	262.15
24	Entertainment, Catering (17)	336.86	+0.5	14.08	5.69	9.45	335.22	347.43	354.37	360.50	262.05
25	Food Manufacturing (19)	227.59	−0.2	17.03	4.99	7.52	228.10	230.72	230.22	231.71	193.52
26	Food Retailing (15)	311.51	+0.1	10.53	3.86	12.66	311.19	316.57	315.03	320.40	199.67
32	Newspapers, Publishing (12)	482.10	−0.3	19.29	5.31	7.35	483.52	485.26	485.94	487.92	390.87
33	Packaging and Paper (15)	149.57	−0.2	17.32	7.30	7.40	149.89	150.74	151.24	151.77	130.31
34	Stores (41)	259.68	−0.9	10.47	3.78	13.11	262.15	264.84	264.10	267.63	186.70
35	Textiles (23)	183.21	+1.7	18.13	8.33	6.98	180.18	181.61	182.22	185.01	184.28
36	Tobaccos (3)	265.11	+0.1	21.48	7.76	5.35	264.92	267.58	270.08	274.71	258.78
37	Toys and Games (6)	76.77	+0.7	29.86	8.83	4.04	76.23	77.79	79.15	80.26	104.53
41	OTHER GROUPS (99)	227.41	+0.2	14.27	5.61	8.75	226.98	229.31	228.48	230.52	195.75
42	Chemicals (18)	314.17	−0.2	15.97	6.28	7.33	314.84	318.41	317.07	320.59	267.48
43	Pharmaceutical Products (7)	263.02	+0.1	10.45	4.51	11.73	262.86	265.36	264.74	267.49	259.66
44	Office Equipment (6)	142.35	−0.7	14.28	5.77	8.83	143.35	145.07	145.48	147.64	135.57
45	Shipping (10)	471.48	+0.4	10.76	6.52	12.76	469.47	472.14	465.99	464.06	434.17
46	Miscellaneous (58)	266.87	+0.8	15.37	5.41	8.61	264.84	267.54	266.60	268.53	207.38
49	INDUSTRIAL GROUP (494)	261.68	+0.1	14.48	5.18	8.94	261.35	264.37	264.51	267.25	211.56
51	Oils (6)	639.76	−0.8	12.33	3.43	8.62	645.03	657.58	681.89	689.21	498.49
59	500 SHARE INDEX	292.81	—	14.13	4.89	8.88	292.88	296.65	298.58	301.68	235.30
61	FINANCIAL GROUP (115)	208.29	−0.3	—	5.02	—	208.92	211.22	212.17	215.70	169.40
62	Banks (6)	249.33	−0.3	26.71	4.86	4.84	250.19	250.55	253.66	252.75	202.19
63	Discount Houses (10)	256.23	+0.3	—	7.41	—	255.40	261.72	263.57	269.20	198.17
64	Hire Purchase (5)	198.00	+1.8	16.78	4.46	7.68	194.49	195.17	192.42	206.81	150.46
65	Insurance (Life) (10)	171.22	+0.2	—	6.20	—	170.98	172.00	173.00	175.25	140.74
66	Insurance (Composite) (8)	141.06	−1.6	—	6.69	—	143.33	146.66	147.63	153.85	129.66
67	Insurance Brokers (10)	316.82	+1.1	15.85	6.06	9.05	313.47	316.82	317.79	324.68	348.44
68	Merchant Banks (14)	105.93	−0.5	—	4.93	—	106.48	108.38	108.20	109.92	80.51
69	Property (42)	362.64	—	3.11	2.25	49.50	362.62	367.53	366.42	371.87	250.85
70	Miscellaneous (10)	132.87	+0.4	14.03	7.01	9.18	132.28	132.81	132.21	132.60	108.14
71	Investment Trusts (111)	236.44	−0.4	—	4.78	—	237.33	240.12	241.39	243.68	207.89
81	Mining Finance (4)	141.04	+0.8	14.31	5.58	8.49	139.86	141.78	141.17	141.73	96.25
91	Overseas Traders (20)	368.10	+0.4	13.98	6.87	8.99	366.67	368.29	369.69	372.37	319.45
99	ALL-SHARE INDEX (750)	269.43	−0.1	—	4.96	—	269.61	272.93	274.52	277.60	217.63

FIXED INTEREST PRICE INDICES

	British Government	Tues., May 15	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.45	−0.23	—	3.54
2	5-15 years	119.75	−0.45	—	3.15
3	Over 15 years	124.88	−0.50	—	5.31
4	Irredeemables	132.61	−0.72	—	6.08
5	All stocks	116.09	−0.39	—	4.13

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Tues., May 15	Mon., May 14	Year ago (approx.)
1	Low Coupons	5 years	9.81	9.71	8.52
2		15 years	10.58	10.51	10.85
3		25 years	11.14	11.07	11.42
4	Medium Coupons	5 years	11.37	11.25	10.89
5		15 years	11.88	11.79	12.04
6		25 years	12.03	11.96	12.24
7	High Coupons	5 years	11.74	11.64	11.19
8		15 years	12.26	12.18	12.57
9		25 years	12.26	12.20	13.01
10	Irredeemables		10.98	10.90	11.30

		Tues., May 15 Index No.	Tues., May 15 Yield %	Mon. May 14	Fri. May 11	Thurs. May 10	Wed. May 9	Tues. May 8	Fri. May 4	Thurs. May 3	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	61.24	†12.13	61.46	61.58	61.07	61.84	61.86	61.88	61.76	67.87
16	Investment Trust Prefs. (15)	52.03	13.61	52.03	52.05	52.03	52.41	51.46	51.88	51.54	53.17
17	Coml. and Indl. Prefs. (20)	75.11	12.45	75.11	75.32	75.32	73.91	76.80	75.80	76.60	70.50

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. e Offered prices include all expenses. Yields % (shown in last column) allow for all buying expenses. d Estimated. o Today's opening price. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. F Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	......	—	—
40	39	Do. 5pc Pref.....	40	......	—	—
98	98	Chilean Mixed.....	98	......	—	13.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 21% (based on US$2.0568 per £)
Conversion factor 0.8266 (0.8237)

CANADIANS

S.E. List Premium 21% (based on $2.3894 per £)

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FOOD, GROCERIES—Cont.

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هكذا من الأصل

INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
19½	12¾	Hawtin 5p	16¾	—	0.25	ϕ	2.3	ϕ
78	60	Hay (Norman) 10p	61	—	3.7	ϕ	9.1	ϕ
168	136	Hay's Wharf £1	160	−2	5.52	2.7	5.2	9.6
42	27	Hensher 'A' 10p	39	+2	d1.1	6.3	2.7	5.6
134	74½	Hepworth Cmc.	129	−2	3.68	3.6	4.3	8.7
76	43	Hestair	49	+2	3.5	ϕ	10.9	ϕ
58	25	Hewitt (J.) 5p	46	—	1.28	6.3	4.3	4.9
52	50	Highgate & Job 50p.	58	—	‡2.54	2.4	‡	9.7
100	80	Hill (Chas.) £1	87	—	2.0	—	3.4	—
‡49½	29	Hirst Mal'son 20p	47	—	t2.6	3.6	8.3	4.8
86	78	Holden (A.)	85	−1	g3.62	3.9	6.4	6.7
75	63	Hollis Bros	71	—	†4.56	1.8	9.6	8.6
193	151	Holt Lloyd Int. 10p	189	+1	7.74	ϕ	6.2	ϕ
222	155	Hoover 'A'	178	—	12.0	1.1	10.1	12.3
163	130	Hoskins & H 20p	150xd	−3	10.39	1.4	10.3	9.3
46	23½	Howard Tenens	44	−1	1.91	1.9	6.5	10.1
235	142	Hudding Assoc.	235	—	2.44	ϕ	1.6	ϕ
89	48	Huntleigh 10p	73	+1	0.76	6.5	1.6	13.2
74	46	Hutch Whamp $HK1	51	—	Q23c	2.5	4.3	9.3
33	23	Hyman (I. & J.) 5p	30½xd	−½	0.96	ϕ	4.7	ϕ
109	95	††IAS Cargo Air	109	+6	Pd2.8	2.5	3.8	(12.0)
150	135	Do. 6% Cnv. Pref.	150	—	6.0%	11.2	6.0	—
£20¾	£14½	I.C. Industries$1	£15⅛	—	Q$1.52	—	5.1	—
545	420	ICL £1	462	+2	8.29	7.4	2.7	5.5
510	358	Imp. Cont. Gas £1	475	+2	g9.96	3.3	3.1	11.2
33	29	Ingall Inds. 10p	32	—	†1.87	1.6	8.7	10.6
146	88½	Initial Services	132	−3	†5.06	2.8	5.7	8.9
31	16	Inter-City 20p	27	−2	†1.17	ϕ	6.6	ϕ
163	72	Jacksons Bourne	138	—	‡d2.0	4.4	2.2	15.8
52	47	James (John)	48½	−½	‡d2.76	2.8	8.5	4.8
19	15¼	James (M.) Inds. 20p	16¼	—	d1.02	1.9	9.3	12.8
206	135	Jardine M. $HK6	140	+3	Q71c	2.2	4.9	9.3
33½	30	Jentique	32	−½	†2.22	1.4	10.4	10.8

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

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TRUSTS, FINANCE, LAND

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Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$15½	$10½	Buffels R1	$15½	+¼	Q190c	ϕ	14.1
$12½	890c	East Drie R1	$12½	+¼	Q115c	1.6	10.6
540c	350c	East Rand Prp. R1	540c	+20	Q10c	—	22
$24¾	$18¾	F.S. Geduld 50c	$23¾	+1¼	†Q315c	2.4	15.6
$14¾	$11⅛	Pres. Brand 50c	$14¾	+⅜	†Q150c	3.2	11.7
$14¾	$10¾	St. Helena R1	$14¾	+¼	Q190c	1.4	15.4
640c	407c	Stilfontein 50c	640c	+20	Q66c	ϕ	11.9
$28	$18¾	Vaal Reefs 50c	$28	+1	Q280c	2.7	11.5
$39¾	$28¾	West Drie R1	$39¾	+½	†Q385c	1.7	11.3
$30⅞	$22¼	West Hldgs. 50c	$29⅞	+⅜	†Q415c	1.4	16.3
$14	$10⅝	Western Deep R2	$14	+½	Q147½c	2.1	12.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xδ ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Wednesday May 16 1979

£35.5m UDS rights issue

BY JOHN MOORE

UDS, the UK stores group, entered the rights issue lists yesterday with an announcement that it is calling on shareholders for £35.5m of new capital.

At the same time, the group reported record pre-tax profits of £27.8m, a rise of 45 per cent on the preceding year.

UDS is to raise the money through the issue of one new share at 93p for every four shares held.

On the London stock market, the shares fell 2p to 108p.

Explaining the reasons for the cash call, UDS said yesterday that it planned a major refurbishment programme for its existing high street chains of shops, including the Richard Shops stores. The group was continuing to move to new areas "as opportunities occur."

Other expansion and development of the group's activities, including the John Myers mail order business, demanded a fresh injection of capital.

UDS said that the acquisition of new interests and the development, alongside the development of traditional businesses, had been financed largely "through borrowings and the group's own resources."

It added: "In the year to January 27, 1979, capital expenditure amounted to over £11m and in the current year, it is expected to exceed that figure."

The cash raised through the rights issue will finance current and future expansion.

The underwriting of the issue has been arranged by Hill Samuel, and the sub-underwriting, completed yesterday afternoon, was arranged among a wide range of institutions.

UDS results, Page 21

Gold up by $3½ an ounce

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PRICE of gold jumped by $3½ an ounce yesterday to a record closing level of $254¾. This is $½ higher than the previous peak in late February. Sterling also rose sharply yesterday.

Dealers said trading in the London bullion market was active on a day when gold touched a peak of $256 an ounce. This was ahead of the monthly U.S. gold auction at which the amount of gold on offer has been cut from 1.5m to 750,000 ounces. Sentiment was also helped by the news late on Monday that the International Monetary Fund will be reducing its monthly amount on offer from 470,000 to 444,000 ounces.

Apart from the reduction in supplies of gold from official sources, there are no other special reasons for the price rise. The dollar has been relatively firm, though there have been fears about a general resurgence of inflationary pressures.

Dealers note that the rise in the price of gold has not only been against the dollar but also, unusually, against the yen, the Swiss franc and the Deutschemark. Last year, the strength of gold had been largely a reflection of the weakness of the dollar.

The dollar was fairly strong, notably against the yen, while sterling recovered sharply following its recent weakness.

Initially, the pound dropped with widespread selling, but there was a sharp rally after the rate touched a low of $2.0425. Demand became stronger after the opening of New York trading and sterling ended 1.9 cents up at $2.0630.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, jumped by 0.6 to 66.7. In the previous 10 days, after the election, the index had fallen by more than 2 per cent.

The main market explanation for the rally was that the earlier selling had been over-done.

The recovery in sterling helped the gilt-edged market where earlier losses of over ½ of a point in long-dated stocks were limited to losses of half a point at the close. Dealers said that, after declines for six consecutive trading days, the market was looking stronger in the afternoon. But there were no signs of any substantial buying interest.

The FT 30-Share Industrial Ordinary index closed one point higher at 524.4 after being 2.8 down in the morning following the announcement of the UDS rights issue.

The sharp declines in both equity and gilt-edged prices and the weakness of sterling earlier this month followed a period of considerable strength in each of these markets in the couple of months before the election. But some profits have been taken and the financial markets are looking ahead to the Budget on June 12 to see the details of Conservative monetary and fiscal policy.

Mining News, Page 22
Money Markets, Page 27

Thatcher hails 'Rhodesia changes'

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

MRS. MARGARET THATCHER came much closer yesterday than the U.S. to accepting the results of the recent Rhodesian election.

She told the Commons that the Government "welcomed the major change that has taken place in Rhodesia as a result of the elections and the emergence of an African majority Government."

While Mrs. Thatcher said that the Government's objective was "to build on that change," the U.S. Administration has so far been non-committal about the elections.

Mr. Andrew Young, the U.S. Ambassador to the UN, has called for fresh elections conducted by Britain or the UN, though the Senate is considering lifting sanctions.

The UN Security Council has voted that the elections were "null and void."

Lord Carrington, the Foreign Secretary, will discuss the issue of Rhodesia with Mr. Cyrus Vance, the U.S. Secretary of State, on Monday.

By then he is expected to have received the report of Lord Boyd, who observed the Rhodesian elections. It is due to be handed to Mrs. Thatcher today. She said she hoped to publish it.

By Monday Lord Carrington is also expected to have the report of Sir Anthony Duff who, as Deputy Permanent Under-Secretary, is the second most senior official at the Foreign and Commonwealth Office.

Sir Anthony left for Salisbury via Johannesburg on Monday night. A former High Commissioner in Nairobi, he is to have "preliminary and exploratory talks" with Bishop Muzorewa.

He will probably also meet other members of the Government-to-be.

Tony Hawkins writes from Salisbury: Bishop Muzorewa's United African National Council yesterday welcomed the "demise" of the Anglo-American plan for Rhodesia.

In a statement the UANC, which next week becomes the leading group in Rhodesia's new National Unity Government, welcomed the statement of Lord Carrington that the plan had to an extent been overtaken by events.

● Rhodesian Combined Operations headquarters announced that 65 people had died in the guerrilla war in the past 24 hours, bringing the total killed in the first half of this month to 250.

Last month 853 people were killed, the highest monthly casualty toll since hostilities started over six years ago.

Of the 65 killed in the past 24 hours, 36 were described as guerrillas, 17 as "guerrilla collaborators," two as black members of the Rhodesian security forces, two as stock thieves and eight black civilians.

Industry welcomes end of prices body

BY OUR INDUSTRIAL STAFF

THE GOVERNMENT'S decision to abolish the Price Commission and work towards the introduction of new labour laws brought widespread acclaim from industrialists yesterday.

Proposals to cut personal taxation and curb public spending were also generally welcomed. The construction industry was pleased by proposals to control local council's direct building departments.

In contrast, union leaders remained relatively silent although Mr. David Basnett, general secretary of the General and Municipal Workers Union, said there were points in the Queen's Speech which were "doubtful, irrelevant, and dangerous." There will be a debate on union implications of the speech at the GMWU's annual conference next week.

Mr. Sid Weighell, general secretary of the National Union of Railwaymen, said that union attitudes would be affected by the climate created by the Government. "If they make life difficult for trade unions there will be some reaction."

From the other side of industry the Institute of Directors and the British Institute of Management looked forward to new laws on picketing, closed shop, and union ballots. The Confederation of British Industry said that a "calm but determined review" was needed of legislation on industrial relations.

"We welcome the priorities set out, particularly things like the confirmation of the Government's determination to reduce personal taxation and curb public spending plans, the encouragement for small businesses, and the commitment to the EEC," said the CBI. But it wanted as few new laws to be introduced as possible so that businesses could have a chance to "thrive in a more stable and consistent environment."

Welcoming abolition of the Price Commission, the CBI said: "The intense competition in the UK market gives consumers far better protection than any price controls."

On plans for de-nationalisation, the Government was warned last night by British shipbuilders that many Western nations have been forced to take steps to support their shipbuilding industries.

Welcoming plans to curb direct labour building departments, the National Federation of Building Trades Employers said local councils should be "compelled to compete fairly for their work with the private sector."

Customs men threaten action over curbs

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS in the Customs and Excise Department are threatening industrial action over the freeze on all staff recruitment in the Department because of the cost of the Civil Service pay settlement.

Action being considered by officials of the Civil and Public Services Association, and the Society of Civil and Public Servants includes:

● Refusing to implement any value added tax changes which might be introduced by the Government as part of its policy to cut direct taxation and raise indirect taxation.

● Further action at the VAT computer centre at Southend. This is at present hit by a strike by customs officials over possible loss of promotion after the pay strikes. There is already a backlog of VAT repayments of more than £410m.

● An overtime ban and a policy of non co-operation by Customs officials at air and sea ports which could affect holiday traffic and freight handling.

A Customs circular issued last week halted all recruitment, promotion and the use of casual staff as well as restricting overtime.

Mr. Bill Kendall, secretary-general of the National Whitley Council staff side, has requested an urgent meeting on the issue with Lord Soames, Lord President of the Council, which will probably take place next week.

The CPSA and the SCPS will meet next week to draw up detailed plans. A Customs and Excise section conference of the CPSA this week unanimously called for a campaign of industrial action over the freeze.

Mrs. Veronica Boyne, Customs national officer for the CPSA, which has about 7,000 members in the 40,000-strong department, said that though the plans were not yet complete, there would be action if the circular was not withdrawn.

The level of support any action might receive could be affected by the closeness of it to the 10 weeks of selective strike action taken by the two unions to achieve the pay settlement in which Customs establishments figured prominently.

Civil servants vote for closed Shop Page 10

Continued from Page 1

Petrol

version units to process fuel oil into products such as petrol and gas oil, but much of this equipment will not be on stream until the early 1980s.

The oil industry's emergency committee on UK supplies met the Department of Energy earlier this month and the two sides are not scheduled to meet again until June 28. But it is clear that the major oil companies are waiting for the new Government to take the initiative to safeguard supplies for next winter, while they continue for the moment to arrange their supplies on little more than a monthly basis.

In the last two days prices have suddenly shot up again, with the spot price for premium petrol rising to about $395 a tonne compared with only some $335 a tonne at the beginning of May. In April the price was about $295 a tonne and in the last quarter of last year it was only some $202 a tonne.

In recent days spot gas oil prices have risen about $43 to reach $315 a tonne and jet fuel rose $15 to reach $310 a tonne.

The spot market for crude oil has almost dried up and the amount available internationally is believed to be as little as 100,000-200,000 barrels a day, compared with an estimated 2-3m b/d in the third quarter of last year.

A large cargo of mixed Iranian light and heavy crude was sold recently at $25 a barrel. But in recent days U.S. refiners have moved into the already tight spot market. Suggested prices for isolated transactions appear to be moving towards $27-$29 a barrel, if the oil is available.

Burmah Oil, which has a small specialised refinery at Ellesmere Port, said yesterday that it had paid $21 a barrel six weeks ago for a small 40,000 tonnes cargo of Iranian crude.

The refinery, which was totally dependent on Iranian crude, is now operating at only two-thirds capacity

● B P is likely to send a bill for at least £50,000 to the Price Commission to cover the company's costs in assisting the Commission in its latest investigation.

Continued from Page 1

Tory pledges

movement. He described the new Government's policies as "negative and sterile" and warned that its divisive approach would not succeed.

Christian Tyler writes: Mr. James Prior, Employment Secretary, said yesterday that words like "confrontation" should be banned from the industrial relations dictionary.

"I have set out to consult and co-operate, and as far as the Government is concerned there is no question of confrontation. If individuals within trade unions or trade unions themselves take a different view, I am not the person to ask."

Speaking in Brussels, where he was meeting EEC employment Ministers, Mr. Prior said: "We have been elected with a considerable majority, which includes more trade unionists voting Conservative than ever in our history, and it is quite clear they want to see the sort of limited but very important proposals in our manifesto carried out.

"Words like confrontation, doing battle and getting tough, are nonsense words. We are pledged to keep back what we would term abuses of union responsibility.

"Unions have been given a special position under the law and we are trying to cut back the abuses that have arisen under the law."

Plans for the closed shop, including legal redress for workers who fall out with their union, would not mean "a sudden rush of cases through the court," he said.

Lorry strike secondary pickets sued for damages

BY NICK GARNETT, LABOUR STAFF

YORK TRAILER, one of Europe's leading container and truck trailer manufacturers, has issued writs against four men claiming substantial cash damages resulting from the effects of secondary picketing during the lorry drivers' strike.

The company said yesterday that the damages claim was being made principally on behalf of the workers and was designed to cover their loss of earnings during the dispute.

If the claim, which will go before the High Court, is successful, any damages over and above the loss of earnings would go to the company.

The writs allege that the four men were involved in secondary picketing at the company's main plant at Northallerton, North Yorkshire, during February.

The company claims that the picketing was carried out against lorries operated by companies not in dispute with the drivers and was therefore not in furtherance of the dispute.

The picketing severely disrupted supplies, in particular the delivery of oil, and the company felt it necessary to close the Northallerton plant for three days.

The writs seek damages for loss of earnings and loss of company profit.

The company originally planned a law suit against nine alleged pickets but is taking action against four whom it claims it can identify positively.

NATO to continue annual spending rises

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

NATO DEFENCE Ministers yesterday agreed to extend the annual increases in Western defence spending well into the mid-1980s. Their decision came as intelligence experts reported a "disturbing" and ever-increasing build-up in Warsaw Pact nuclear and conventional forces.

Most NATO countries are already committed to raising defence spending by 3 per cent a year in real terms — against an estimated annual Soviet increase of 4 to 5 per cent — in the five years ending in 1984.

Yesterday's Ministerial meeting of the Defence Planning Committee agreed they would aim to continue the same level of increase for at least another two years until 1986 — even if the objective falls short of a formal commitment.

U.S. officials put the average increase likely to be achieved by the Alliance as a whole in 1979 at 2.9 per cent and predicted that next year "we should be in the 3 per cent ball park."

Mr. Francis Pym, UK Defence Secretary, said the new objective reflected Britain's commitment to strengthen its contribution to NATO.

Both Britain and the U.S. were clearly disappointed by a compromise decision to allocate no more than $4.5bn to the defence intra-structure programme over the coming five years.

The U.S. had proposed that the amount should be 50 per cent higher, but West Germany, among others, insisted on the lower figure.

The U.S. said that acceptance of the "minimum figure" could affect contingency plans for the rapid reinforcement of Western Europe.

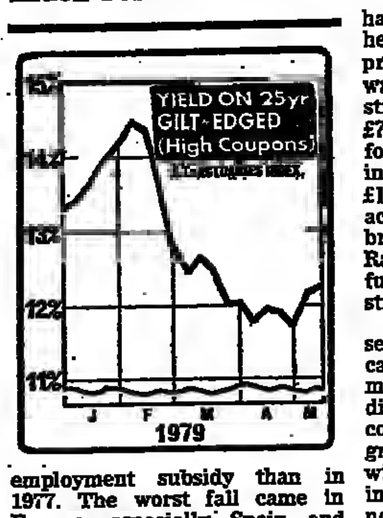
Both the Americans and British pointed out that the figure will be reviewed in two years' time. Britain's contribution is put at about £270m over the coming five years. Mr. Pym said the question of whether or not his Government would decide to replace the Polaris submarine force with a new strategic deterrent remained "open." For the moment, the UK would concentrate on modernising its existing forces.

THE LEX COLUMN

A £35m float for the UDS till

Some reassuring phrases in the Queen's Speech helped to put a bit of backbone into the financial markets yesterday, with equities holding steady and sterling sharply higher. But the yield on long gilts has now moved well above 12 per cent. On the legislative front, the promise of two early Companies Bills suggests that this time, at last, company law reform is not going to be left to the tail-end of a Parliament.

Index rose 1.0 to 526.4



UDS

UDS is taking advantage of the relative strength of its share price to ask shareholders for £35.5m. It certainly has room to spend money after a difficult period dominated by financial constraints.

The strategy appears to be that UDS will invest in sites rather than acquire new businesses, although an increase in the authorised share capital is proposed, which would leave the Board elbow room in case something tempting came along. UDS is committed to expanding its department store division, rather dormant for some time now, and beefing up the John Myers mail order business. It wants to buy new outlets for Richard Shops and the footwear chains, while perhaps cutting back on the number of menswear stores.

This ambitious programme is being launched on the back of an improving cash position from trading: pre-tax profits have risen 45 per cent to £27.8m in 1978/79 and the current year has begun promisingly. Even before the rights issue, a substantial property revaluation had strengthened the balance sheet, taking shareholders' funds to over £300m. The challenge for the group now is to make a corresponding return.

Although the benefits of its spending programme may take some time to come through the prospective yield of 9 per cent at an ex-rights price of 105p is a solid support. With the 1978-1979 dividend only 2.4 times covered by SSAP 15 earnings, however, the rights issue has provided no occasion for extravagant promises about future payouts.

Coats Patons

Coats Patons' 1978 figures are not, after all the company's warnings, quite as bad as had been feared; pre-tax profits have fallen 14.4 per cent to £71.2m. This is not a bad result given that Coats estimates the strength of sterling cost it £9m, while it received £3m less in temporary employment subsidy than in 1977. The worst fall came in Europe especially Spain and Italy, where profits dropped to £11m from £23m before tax and interest in the face of cheap thread imports.

This year the group is at last expecting increased volume in its world sales of thread; while it hopes to maintain margins, it takes the view that it cannot afford to pass up low-margin business. As the 1978 trading margin of 10.7 per cent is lower than in any of the last six years except 1975, this is a significant decision. With a little luck Coats could make £80m this year, assuming steady exchange rates.

What would really put salt on the group's tail would be a fall in sterling—perhaps a forlorn hope at the moment. At 71p up 3½p yesterday, the shares yield a historic 7.9 per cent, which is unlikely to be boosted very much if dividend controls come off—Coats would like to see a minimum cover of two times on replacement cost adjusted earnings. The prospective p/e is an unexacting 5½ or so fully-taxed.

Ranks Hovis

Ranks Hovis McDougall seems to be quietly drifting downhill in the footsteps of other food companies such as Spillers and Tate and Lyle. Six years ago it was making pre-tax profits of £28m on sales of £500m. This year it will be lucky if it makes as much on sales roughly trebled.

Ranks is still in better shape than the other two and at least has held its dividend—at 4¾p it is yielding 10.7 per cent. Nevertheless, it is operating in a declining industry (volume is reckoned to be falling by 2 per cent per annum), its profitability has been dropping steadily, partly as a result of price controls.

Spillers' exit from bread baking last year should have helped solve the overcapacity problem. But the improvement was cut short by a second bread strike which cost the group £7m and more than accounted for the 10 per cent drop in interim pre-tax profits to £14.4m. As worrying as the actual loss was the sharp drop in bread sales in the aftermath. Ranks is already having to close further capacity following the strike.

The group is warning that second half profits will be "significantly below those of 1978." This may be over gloomy since the disappearance of price controls could help a lot. However, the group still has to get to grips with the overcapacity in the industry, and the unions may not take too kindly to further cuts. Another prolonged bakery strike would put a serious strain on Ranks's finances.

Trafalgar House

The half-time figures from Trafalgar House confirm that the group's lengthy growth phase, sustained by a final flurry of special items last year, has come to an end, at least temporarily. After six months pre-tax profits have fallen from £29.5m to £16.2m, which, to put the best face on it, means that Trafalgar has broadly maintained its overall position given that the comparable half-year took in an exceptional £15m lump of property trading profits. The property and construction divisions are still performing reasonably well. But shipping sustained a nasty loss of £3.1m, both the cargo and passenger sides being in the red: Trafalgar is finding that the purchase of all those tax allowances is not without cost. The publishing results are also disappointing with the division barely in profit after losing over £1m on a computerised address system in the U.S.

The cargo shipping business should improve in the current half (though severe problems persist for the passenger line) and there is likely to be some recovery in publishing. Construction and property, meantime, remain sound. Trafalgar is therefore on course to maintain last year's £42m excluding special items, and could do somewhat better, but will be down on the £60.6m published. However, there is still plenty of cover for the dividend and assuming a 10 per cent increase the yield would be 8 per cent at 81p.

Weather

UK TODAY

DRY WITH sunny intervals in most of England and Wales, but rain at first in the south east. Cloudy with occasional rain in Scotland and Ulster.

London, S.E., and E. Anglia
Occasional rain, sunny intervals. Max. 16C (61F).

Cent. S. England, E. England, Channel Isles, Cent. N. England, N.E. England
Mainly dry. Sunny periods. Max. 16C (61F).

W. Midlands, S.W. England, S. Wales
Sunny intervals. Cloudy with occasional rain. Max. 15C (59F).

N. Wales, N.W. England, Scotland and Ulster
Mostly cloudy. Occasional rain. Bright intervals. Max. 13C (55F).

● **OUTLOOK:** Unsettled with rain at times. Bright intervals.

● **LONG RANGE FORECAST:** Cool and warm spells until mid-June. Most hot, dry weather will occur later this month.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Locarno	S	22	72
Algiers	S	23	73	London	S	27	81
Amsdm.	S	24	75	Luxmbg.	S	22	72
Athens	C	20	68	Luxor	S	37	99
Bahrain	S	32	95	Madrid	S	26	79
Barclna.	F	21	70	Majorca	S	23	73
Belfast	C	11	52	Malaga	S	22	72
Belgrd.	F	20	68	Malta	S	20	68
Berlin	S	25	77	M'chstr.	F	18	64
Biarritz	S	28	82	Melbne.	R	11	52
Bmghm.	F	22	72	Milan	S	23	73
Blckpl.	Fg	10	50	Mntreal.	S	19	70
Bordx.	S	28	82	Moscow	F	24	75
Boulgn.	S	20	68	Munich	S	20	68
Bristol	F	23	73	Nairobi	R	21	74
Brussels	S	26	79	Naples	C	22	72
Budpst.	S	22	72	Nwcstl.	C	11	52
B. Aires	C	17	66	N. York	C	18	64
Cairo	S	28	84	Nice	S	22	72
Cardiff	F	21	70	Oporto	C	18	64
Cas'b'ca	S	23	73	Oslo	C	14	57
Cape T.	S	18	66	Paris	S	25	77
Chicago	S	14	59	Perth	C	24	75
Cologne	S	25	77	Prague	S	22	72
Conhgn.	S	21	70	Reykjvk.	C	3	37
Corfu	C	20	68	Rhodes	S	21	70
Dublin	R	12	54	Rio J'o	S	24	75
Dbrvnk.	F	18	64	Rome	S	23	73
Ednbgh.	C	10	50	Salzbrg.	S	22	72
Faro	S	27	81	Singapr.	S	28	88
Florence	C	16	61	Stckhm.	C	18	64
Frankft.	S	23	73	Strasbg.	S	23	73
Funchal	S	21	70	Sydney	C	16	61
Geneva	S	20	68	Tangier	S	27	81
Gibrltr.	S	22	72	Tehran	S	24	75
Glasgow	F	13	55	Tel Aviv	S	22	72
G'nsey	S	18	66	Tenerife	S	25	77
Helsinki	F	18	66	Tokyo	C	20	68
H. Kong	C	20	71	Toronto	R	11	52
Innsbrk.	S	21	70	Tunis	S	22	72
Invrnss.	F	13	55	Valencia	S	25	77
Istanbul	C	16	61	Venice	S	22	72
Jersey	S	23	73	Vienna	S	21	70
Jo'burg	S	17	65	Warsaw	S	22	72
L. Plms.	F	25	77	Zurich	S	18	64
Lisbon	S	27	81				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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